

# BUSINESS WEEK

JUNE 8, 1946



Two symbols of Detroit's Automotive Golden Jubilee. As host, Lt. Gen. William S. Knudsen again plays a historic role (page 8)

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# The lights are going out, all over America

AS this is written the lights and furnace fires of this plant and thousands of others are being turned off because of shortage of material—because two groups in an entirely different industry won't get together like free men and settle a difference. We hope that by the time this is published the coal strike will have been settled but, unless something drastic is done by the people (*all the people*) through their government, there will be other stoppages with the same terrible results.

Three thousand boys from this company and 8,000,000 from other shops and stores and farms fought a war (we understood) to end this very thing—the control over lives of others by the arbitrary exercise of power backed by threat of violence. That isn't "free collective" bargaining—it is dictatorship. It isn't the free enterprise that built America—it is brown-shirt arrogance.

Probably all three of the forces involved—management, labor and government—are partly to blame—we're not trying to settle that here for it could be said to be none of our business.

But it *is* our business and yours when *anything* happens which makes it impossible to operate as a free people. By plain hard work and risking our capital, we had jobs waiting for our returning veterans. Somebody else is telling us we can't give these boys the jobs.

It seems to us it is time to ask *and find out*—who is running this country and for whose selfish interest?



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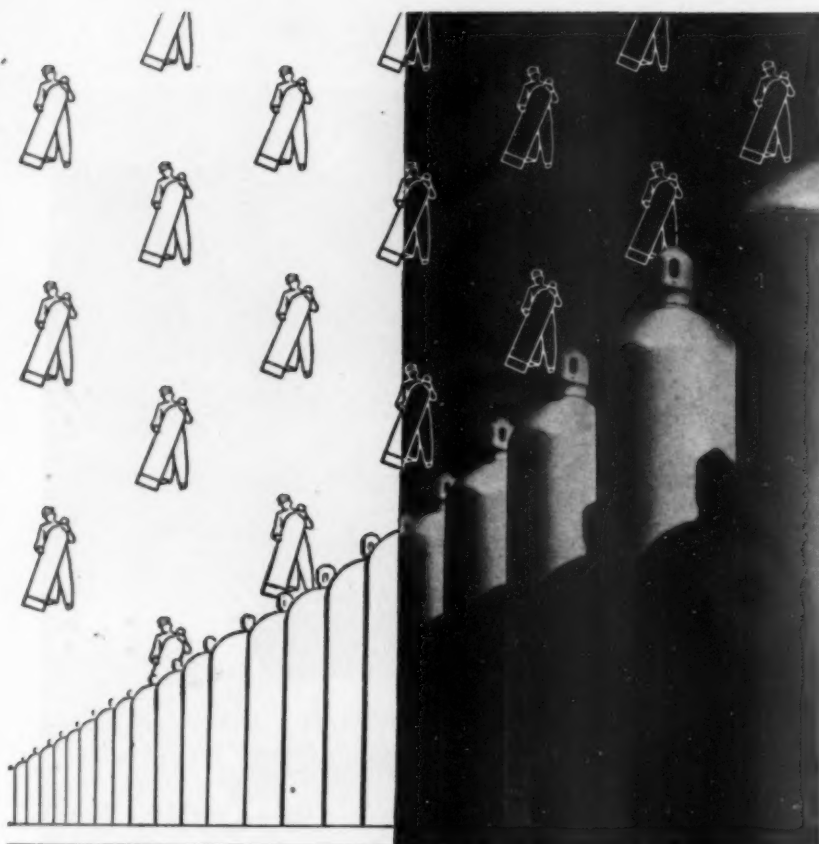
Years ago B.F. Goodrich developed a rubber bearing. When grit gets between metal shaft and the soft

rubber of this bearing, there's no scratching — the rubber simply depresses and rolls the grit out and away. In hundreds of cases this BFG bearing has outlasted wood or bronze 12 to 15 times.

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#### BUSINESS WEEK • JUNE 8 • NUMBER 18

(with which are combined *The Annalist* and the *McGraw-Hill Business*) • Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw, Founder and Honorary Chairman • Publication Office: 129 North Broadway, Albany 1, N. Y. Editorial and Executive Offices, 330 W. 42nd St., New York 18 • James H. McGraw, Jr., President; Curtis W. McGraw, Senior Vice-President and Treasurer; Nelson Bond, Director of Advertising; Eugene Duffield, Editorial Assistant to the President; Joseph A. Gerardi, Secretary • Address correspondence regarding subscriptions to J. E. Blackburn, Jr., Director of Circulation, Business Week, 99-129 N. Broadway, Albany 1, N. Y., or at 330 West 42nd St., New York 18. Allow ten days for change of address. Subscription rates—United States and possessions \$5.00 a year, Canada \$6.00 for a year, Pan American countries \$10 a year. All other countries \$20 a year • Entered as second class matter December 4, 1936, at the Post Office at Albany, N. Y., under the Act of March 3, 1879. Return postage guaranteed • Printed in U. S. A. Copyright 1946 by McGraw-Hill Publishing Company, Inc. • All Rights Reserved.

BUSINESS WEEK • June 8, 1946



## LABOR COUNTS THE COST

Organized labor is emerging from the crisis of the coal and rail strikes without the fundamental impairment of its legal position which appeared likely only two weeks ago.

There aren't enough votes in Congress to override a veto of the Case bill's permanent labor legislation (BW-June 4, p. 5). And a coalition of Republicans and leftish New Dealers, some opposed to profit seizure and others to a strike draft, has eliminated the fiercer features of the President's strike-breaking legislation.

But Truman, Whitney, Johnston, and Lewis among them have put labor one step further on the road toward regulation.

Basically, the new restriction on labor that it must not pull a strike so big that it be equivalent to a general strike shutting down the economy.

## Recessments and Penalties

The wartime practice of plant seizure, strengthened by the Connally-Smith act and by Congress' version of Truman's legislation, provides a mechanism for dealing with such strikes. This mechanism may prove more effective than not being so harsh as to risk a revolution of public feeling.

Faced with such a strike, the President seizes the affected industry. With minimal penalties and court orders he enforces the labor-leadership to order the men back to work. He can prevent the union organization to aid strikers. The strikers themselves, if they pay out, risk the loss of their Wagner Act re-employment rights unless the government chooses to take them back. True, the new legislation will expire in mid-1947 at the latest. But it establishes a precedent which will be repeated whenever the need arises.

From now on, the big unions in the basic industries like rails, coal, and steel must revise their practice of seeking an industry-wide showdown. They must either rely on political influence to achieve their aims or else substitute a piecemeal attack on an industry—the technique used by the auto unions.

## COAL PRICES DEBATED

OPA once had high hopes of making the steel industry absorb the price boost in coal. Now—and particularly in view of the present political climate—it is said that boosts may be required not only in steel, but in coke and gas as well.

Negotiations over the coal price are just getting under way. OPA is contending that a 35¢ increase would cover all costs on a six-day week and also amortize strike losses—a factor which, uncharacteristically, OPA is at least willing to discuss. The industry is talking in terms of 75¢.

## NEW WAGE-PRICE TEST

Another big test of the Administration's tenpin wage-price policy is coming soon. Labor unions are incubating demands which will determine whether the present policy will stick as promised when it was announced four months ago.

Locals of both the auto workers (page 86) and the rubber workers have called upon national officers to reopen the wage agreements reached this year and still not accepted by all segments of the industry. An agreement with the Sinclair Refining Co., which started the 18% pattern last December, has come up for renegotiation, and the Big Four meat packing contracts are reopenable in August.

In fact, an informal check by the Bureau of Labor Statistics of 202 agreements signed from January through March discloses that more than half provide for reconsideration of wages in less than a year's time. Many others are subject to renegotiation any time there is a change in wage policy.

## Prices Still Tied to Wages

The last increases granted in meat packing and other industries forced up prices, so it's logical to assume that any additional increases would push prices still higher.

The Feb. 14 wage-price policy was the third one formulated since the end of the war. It was intended to be the last. The Administration prayerfully hoped that it would do the job through the reconversion period and until most controls were lifted.

A change in policy probably will bring about the departure of Economic Stabilizer Chester Bowles—if he doesn't go sooner to run for senator in Connecticut or because of what Congress may do to the price control law (BW-June 1, p. 19).

## INCHES SET FOR STRIKE

The Big Inch and Little Big Inch pipelines have been readied to pour crude oil and gasoline into the Eastern Seaboard if a maritime strike becomes

serious. Water has been pumped out of the lines, and the compressors are ready. It is estimated that Big Inch could reach its maximum capacity of 300,000 bbl. of crude a day within ten days to two weeks.

The Big Inch will not be used if it's decided to have the Navy man tankers, or if the strike is of short duration. Little Big Inch, a products line, probably won't be used under any circumstances. Gasoline stocks are at peak, and refining of Big Inch crude to meet industrial fuel oil requirements—the principal need—will also produce still more gasoline.

## LEADERLESS COTTON BLOC

The strongest bloc in Congress—the cotton bloc—is leaderless today, and its influence will diminish greatly unless Sen. John Bankhead, who is seriously ill, returns to the Senate. This is considered unlikely.

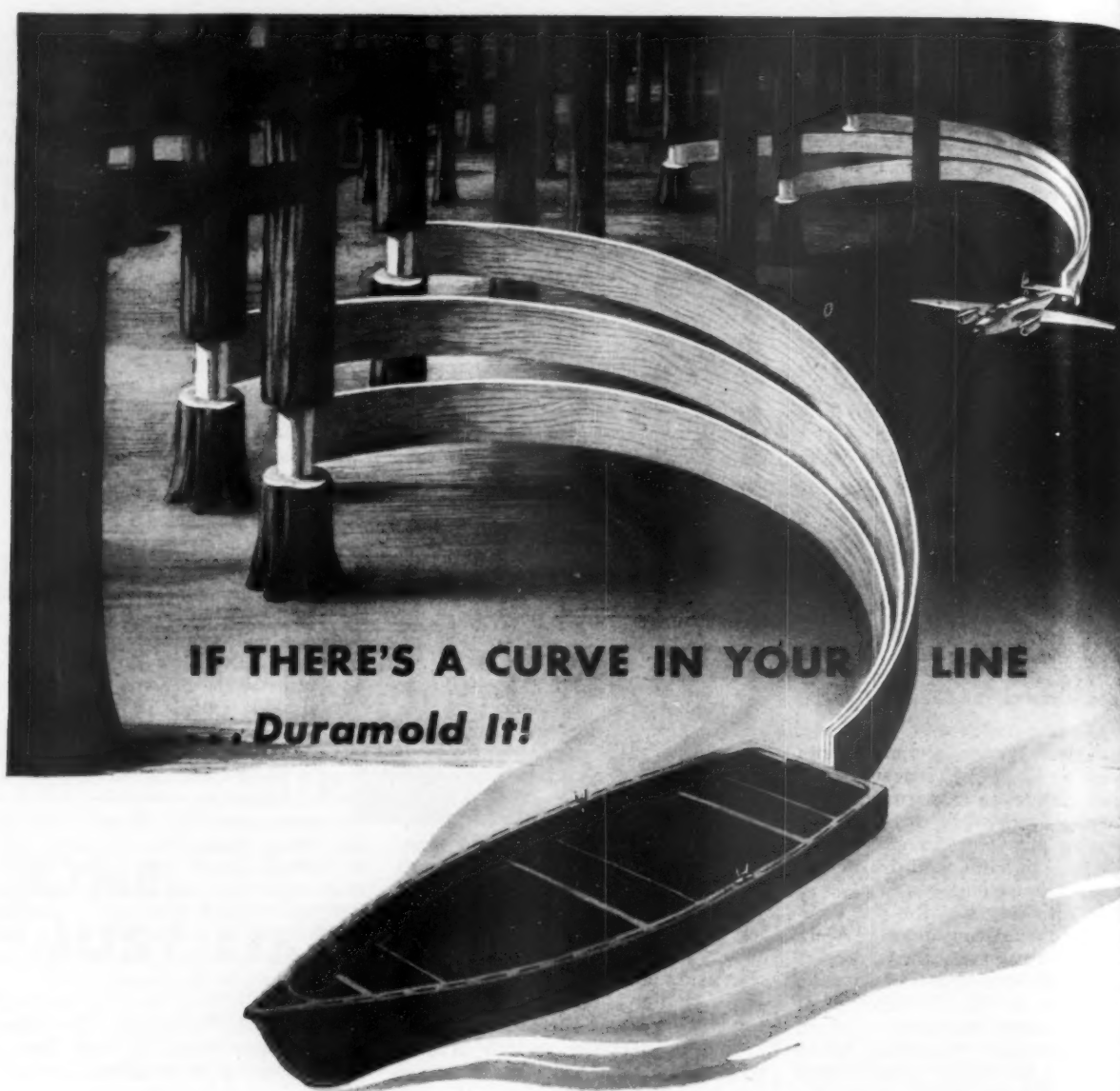
Likely aspirants for Bankhead's unofficial post are Senators Burnet Maybank of South Carolina and James Eastland of Mississippi. Both are comparative newcomers. The House leader of the cotton group, Rep. Stephen Pace of Georgia, heads the special cotton study committee and is author of a bill designed to boost farm prices, particularly cotton, by revising the parity formula. But his successes have fallen far behind those of Bankhead.

The whole farm bloc, in fact, will miss Bankhead's leadership. The cotton bloc has spearheaded the farm bloc in most of its legislative battles.

## WYATT FIXES SUBSIDIES

Three weeks after Congress gave him the go-ahead, Housing Expediter Wilson Wyatt is setting up the first premium payments on production of building materials. Though details are still in flux, it's been decided that premiums will be paid on June production of brick, certain structural clay products, and plywood. Subsidy help will come later on concrete block, gypsum board, roofing, radiation, soil pipe, and perhaps other materials.

The brick subsidy sets the pattern. A premium of \$5 per thousand (as compared with an average price of about \$20) will be paid for the output of any plant in excess of average output in the two best months of 1946. Plants that have been shut down will get the subsidy on a third of their output, brand-new plants on a third to a half. Subsidies



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multiple-plant firms will be readjusted if there should be any indication of juggling of production between plants.

## INTERNATIONAL GESTURE

The Administration itself was surprised at the ease with which the McMahon atomic energy bill skidded through the Senate. Now it has high hopes of pushing the bill through the House without serious trouble, probably even without amendment. The bill establishes a civilian commission to own fissionable materials and facilities for producing them, to control the use of materials, and to control information about atomic fission. It had been expected that the bill would remain dormant until next session.

Suddenly, however, the Administration saw the June 14 meeting of the United Nations Commission on Atomic Energy coming up. It realized—probably with some prompting from U. S. Commissioner Bernard Baruch—that congressional action taking atomic development out of the hands of the military would provide a useful demonstration of goodwill to strengthen United States hands in the international negotiations.

The same purpose is served by the announcement that General Electric will take over management of the Hanford Works from du Pont in September. Hanford is where the "piles" convert uranium into plutonium, releasing quantities of power in the process. Plutonium is then isolated, chemically, for use in bombs. The shift in management will suggest a shift in interest from the chemistry of bomb production to the utilization of the power in piles.

## OMIC HUSH FUND

Washington is wondering how the Manhattan District proposes to use the \$5,000 confidential fund requested as part of the \$200,000,000 atomic service appropriation now before Congress. No one can figure out what can be bought with that kind of money, except, maybe, more information.

This year's military budget is the first to show atomic expenditures separately. It asks \$42,000,000 for equipment, \$1,000,000 for supplies, \$8,000,000 for overhead, and \$109,000,000 for manufacturing operations. The budget request also reveals that \$600,000,000 was spent on atomic work in the fiscal year just ending.

## HOPE FOR EUROPE

Improved crop prospects in Europe indicate that European diets can be raised to a subsistence level during the year ahead. This improvement can be attained, however, only if food imports into Europe equal the 15,500,000 tons of the past year.

If imports hold up, the ration in the occupied countries can be boosted to 2,000 calories—the accepted minimum for health—and should reach 2,400 calories elsewhere.

At present conditions are comfortable only in Denmark, Sweden, and Switzerland. The average diet in Spain, Portugal, Italy, Greece, and Finland has hardly reached 1,500 calories. Austria and Germany are worse off, with the poorest diet—contrary to previous reports—found in the Russian zone, where the urban population gets only some 800-900 calories.

## DAIRIES REBRIDLED

The dairy industry faces new and tougher regulations. Nearly all restrictions abolished two weeks after V-J Day have been restored, and Economic Stabilizer Chester Bowles has added a few new ones.

Poured from the same bottle as the regulatory medicine is more income for milk producers. The raise will average at least 40¢ a hundredweight for all milk.

This is Bowles' prescription for the worrisome problems of (1) faltering milk production, and (2) scarcity of butter. Higher producer pay is his answer to the first. Stringent marketing regulations to channel milk from cream and ice cream into butter are expected to relieve the second.

Consumer price increases, figured at 1¢ a quart for fluid milk, with comparable higher charges on other products, will add at least \$250,000,000 to the public's yearly milk bill. In announcing the increases, Bowles struck a blow for continuation of price-control subsidies. The increases are small compared with what the public will pay if Congress eliminates subsidies.

## LABOR JEALOUSIES EASED

The A.F.L. is playing ball again with the Labor Dept. It escaped playing second fiddle to the C.I.O. under the department reorganization which allows three assistant secretaries of equal status. The A.F.L. didn't want its representative to be subordinate to John W.

Gibson, the C.I.O. man who has been first assistant secretary, so it wasn't submitting any candidates for junior assistant. Under the new proposal, it put up Phil Hannah, aggressive secretary of the Ohio Federation of Labor. He is being nominated with Gibson for two of the assistant secretaryships. The third may go to some neutral with experience in the international field.

It may be significant that 42-year-old Hannah cut his labor teeth as a youthful member of John L. Lewis' United Mine Workers in Scranton, Pa., and is now leader in Daniel J. Tobin's powerful teamsters union.

## CHECKREIN ON NETWORKS

The Federal Communications Commission's determination to pinch the growth of radio networks is evident in two new moves. One is aimed at network ownership of stations. The other reinforces the limits on duration of network contracts with affiliated stations.

Columbia Broadcasting will not be allowed to buy KQW, San Francisco, if the commission sticks to its tentative decision. Columbia now owns seven standard broadcasting stations, and has a minority interest in another. No restrictions have been put on standard station ownership in the past. But when FM and television came along, the FCC got the jump on the networks by limiting ownership of FM to six stations per licensee, and television to five.

The second antinetwork decision held that an affiliated station could not evade the two-year limitation on a contract with a network by giving the network an option to renew at the end of the two-year period. The case involved WJW, Cleveland, and the American Broadcasting Co.

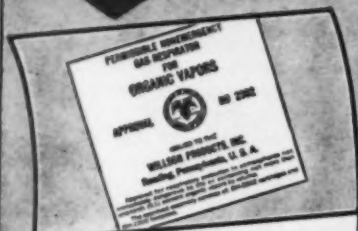
## POTATOES INTO BEVERAGES

With the enthusiastic cooperation of the Dept. of Agriculture, beverage distillers are buying up potatoes right and left. The distillers' demand not only is cutting the government losses on the 1945 surplus, bought to support prices, but is also erasing the threat of another big surplus this year.

It is reported that the heavy diversion of potatoes to make neutral spirits (BW—May 18 '46, p. 32) is worrying starch makers and users. There is also some talk that surplus spuds would be put to better use in stock feed than in whiskey and gin. Potatoes might also be used to ease the shortage of industrial alcohol except for the disparity in



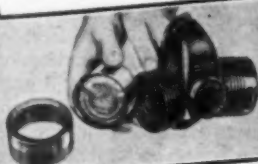
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price ceilings on neutral spirits and industrial alcohol. This difference generally puts potatoes beyond the reach of the industrial distillers, who depend on blackstrap molasses.

Meantime, a check of the May grain allocations to 89 beverage distillers reveals that 64% of the total went to six distilling companies: Publicker 28%, Seagram 10%, National 9%, Schenley 7%, United Distillers (Hammer Cooperage) 6%, Hiram Walker 4%.

## THE COVER

Not given to accepting purely honorary responsibilities, William Signius Knudsen has devoted enthusiastic attention to the details of Detroit's Automotive Golden Jubilee, of which he is chairman. This is Knudsen's characteristic way of acknowledging a sentimental attachment to the industry that gave him, as a young Danish immigrant, his chance to do what he likes best—show people how to produce useful things.

Born in Copenhagen in 1879 and apprenticed to a bicycle maker while in his teens, Knudsen came to United States at 20. By the time of World War I his



Knudsen (right) proudly escorted the 3,000,000th Chevrolet in 1927.

knowledge of production techniques advanced him to the direction of production for the Ford Motor Co.

Joining the General Motors Corp. in 1922, he soon became head of Chevrolet and in 1937 was elected G.M. president. He left this post in 1940 to direct war production, first as a civilian, then as a lieutenant-general in the A.U.S.

Now back at his home on Grosse Ile, near Detroit, Knudsen remains on the G.M. board and serves the corporation as an elder statesman and consultant on production problems.

The Pictures—Cover—McGraw-Hill; 15—Acme; 22—European; 27—Harris & Ewing; 28—Kersh; 86—Acme; 102—Rudy Arnold; 104, 109—Wide World.

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# THE OUTLOOK

BUSINESS WEEK

ME 8, 1946



International skies will clear somewhat with Russia due to become a bit more conciliatory at the Paris conference (page 109), but there are new and ominous portents in the domestic scene.

The trouble is that there is no real prospect of labor peace.

It isn't just the pending maritime strike. More frightening is the likelihood that unions which already have won wage increases will ask more.

Akron's rubber workers have moved to reopen wage discussions. Detroit's auto workers talk of taking similar action (and the Reuther-Thomas rivalry could make this situation more explosive than it otherwise might be).

Here is the spiral that OPA sought to avoid—a round of wage increases followed by price rises leading to another round of wage demands.

Wage-compensating price advances for products of lead and copper are coming now, to be followed by those necessitated by higher coal prices. Next will be the railroad freight boost added onto manufacturing costs.

Already the higher lead quotation is being reflected. OPA this week permitted an interim markup of 10% on industrial storage batteries; the price of auto batteries still is under discussion.

And lead-covered wire and cable have been granted increases.

There still is reason to fear more trouble in bituminous coal.

The government has to settle the rumpus over organization of supervisory workers in the coal mines. Otherwise there will be another strike of supervisors like that which closed the mines last October.

And this presents Washington with a delicate problem, what with Congress' show of distaste for foremen's organization in the Case bill.

Any further shutdown of the coal mines would mean that we would enter the winter of 1946-47 with a woefully small stockpile of bituminous. Already we have been living off stocks instead of adding to them (page 17).

Forces beyond the control of industry are pushing the economy toward more rather than less government regulation.

Strikes have so muddled the steel delivery situation (page 15) that a return to something akin to wartime allocations may be necessary. Civilian Production Administration is working on the order, hopes not to use it.

Rigid rules have been issued on coal stockpiling. Nonresidential construction is being even more strictly curtailed, at least temporarily.

Savings are running through the fingers of the masses on whose purchasing power we are mainly reliant for lasting prosperity.

Strikes cost workers money. They cause layoffs and shutdowns in plants depending on the struck industries for supplies. The remarkable thing is that official estimates of consumer incomes are as high as they are—little more than 5% below a year ago.

But here's something significant. Cashing of series E bonds totaled almost exactly \$2,600,000,000 in the first five months of this year.

Those unquestionably are holdings of little people, people who had hoped to keep the bonds as down payment on a new car or a new home.

Other people have put over \$2,100,000,000 into series E bonds in the

# THE OUTLOOK (Continued)

BUSINESS WEEK

JUNE 8, 1946

same period. Most of these, however, are the systematic savers, not the people who spend when they have it and scrimp when they don't.

Consumer spending shows no signs of falling off, but if it should any time soon the shift is more likely to be due to less purchasing power than to buyers' strikes.

Buyers' rebellions so far—as in men's shirts—are against bad quality rather than prices, high as these prices are.

But over-all spending is still at a phenomenal level.

Department store sales in the five weeks after Easter this year fell off by 8% from the five weeks preceding the festival; last year the decline for the comparable period was 14%.

Sales in the five weeks following Easter this year stood at 249 in the Federal Reserve index (1935-39 equals 100); last year's were 181.

If strikes quiet down, we will see hard goods competing increasingly for the dollars now going into soft goods. With a minimum of walkouts, consumer incomes would be padded by the widespread wage increases.

Private expenditures for housing will begin now to outweigh all other privately financed construction.

Value of total residential caught up with nonresidential in May at \$290,000,000 (value of work put in place, not contracts or starts).

From now on, nonresidential can't expand very much due to the stop order on so-called nonessential buildings.

Rate of climb in housing will depend on materials. The losses of steel due to strikes will be a limiting factor in the rate of gain.

Nevertheless, American Radiator & Standard Sanitary reported this week that operations have increased steadily since Mar. 30 despite shortages of materials and supplies. There's more and more efficient labor.

There's a good chance that productivity per man-hour in manufacturing will pick up once the worst strikes are behind us.

Indications of that are to be had from 1945 statistics, just now available for a few lines. The declining trend of 1941-44 was reversed. In some cases, it was even possible to make up higher wages in unit costs.

Manufacturers increased output, paid the same number of workers more money for fewer hours, and cut unit labor costs all at the same time.

This Labor Dept. survey may not be typical in that it covers mostly soft-goods lines. Nevertheless, man-hour productivity increased in 26 of the 29 industries on which data have so far been compiled.

The assumption is that better workers, up-to-date machinery, and fewer Washington restraints will bolster the trend for the rest of this year.

Dept. of Agriculture estimates a billion pounds less meat for the home front next year. Livestock men say the drop will be more than that if unfavorable feed-hog ratios are allowed to continue.

Peak meat output was 24,000,000,000 lb. in 1944; the 1945 estimate is 22,900,000,000, and 1946 is expected to fall slightly below 1945.

Oh! To live in South Africa where a "new strike" means gold.

# FIGURES OF THE WEEK

## THE INDEX (see chart below).

### PRODUCTION

	8 Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	55.2	43.6	58.7	91.1	97.3
Production of automobiles and trucks.....	32,480	53,020	67,060	18,100	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$21,566	\$19,628	\$22,198	\$5,839	\$19,433
Electric power output (million kilowatt-hours).....	3,741	3,942	4,012	4,204	3,130
Crude oil (daily average, 1,000 bbls.).....	4,756	4,759	4,721	4,859	3,842
Bituminous coal (daily average, 1,000 tons).....	1,325	1,550	125	1,951	1,685

### TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	57	71	84	86	86
All other carloadings (daily average, 1,000 cars).....	38	44	26	62	52
Money in circulation (Wednesday series, millions).....	\$28,106	\$27,961	\$27,888	\$26,500	\$9,613
Department store sales (change from same week of preceding year).....	+34%	+38%	+26%	+9%	+17%
Business failures (Dun & Bradstreet, number).....	18	21	23	13	228

### PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	282.7	280.1	272.9	257.2	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	175.8	173.3	172.3	166.3	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	252.3	+251.5	239.2	228.2	146.6
Finished steel composite (Steel, ton).....	\$63.54	\$63.54	\$63.54	\$58.27	\$56.73
Scrap steel composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$18.92	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	13.425¢	12.000¢	12.000¢	12.000¢	12.022¢
Wheat (Kansas City, bu.).....	\$1.87	\$1.87	\$1.72	\$1.67	\$0.99
Sugar (raw, delivered New York, lb.).....	4.20¢	4.20¢	4.20¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	28.12¢	+27.73¢	27.38¢	22.71¢	13.94¢
Wool tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.330	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢

### FINANCE

10 stocks, price index (Standard & Poor's Corp.).....	150.9	+150.8	146.6	119.3	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.03%	3.03%	3.01%	3.31%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.51%	2.50%	2.51%	2.62%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	4%	4%	4%	4%	4-4%

### BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	38,941	38,727	38,242	40,378	23,876
Total loans and investments, reporting member banks.....	63,887	64,160	64,433	57,541	28,191
Commercial and agricultural loans, reporting member banks.....	7,482	7,467	7,473	5,765	6,296
Securities loans, reporting member banks.....	4,280	4,140	4,428	3,309	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	45,593	45,965	45,993	42,842	14,085
Other securities held, reporting member banks.....	3,390	3,383	3,387	3,063	3,710
Excess reserves, all member banks (Wednesday series).....	820	700	1,080	1,113	5,290
Total federal reserve credit outstanding (Wednesday series).....	23,556	23,132	23,084	22,258	2,265

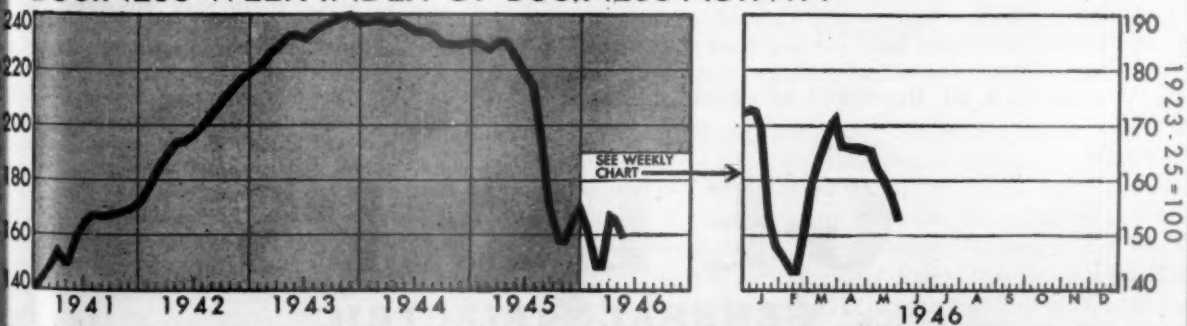
<sup>a</sup>Preliminary, week ended June 1st.

<sup>†</sup>Revised

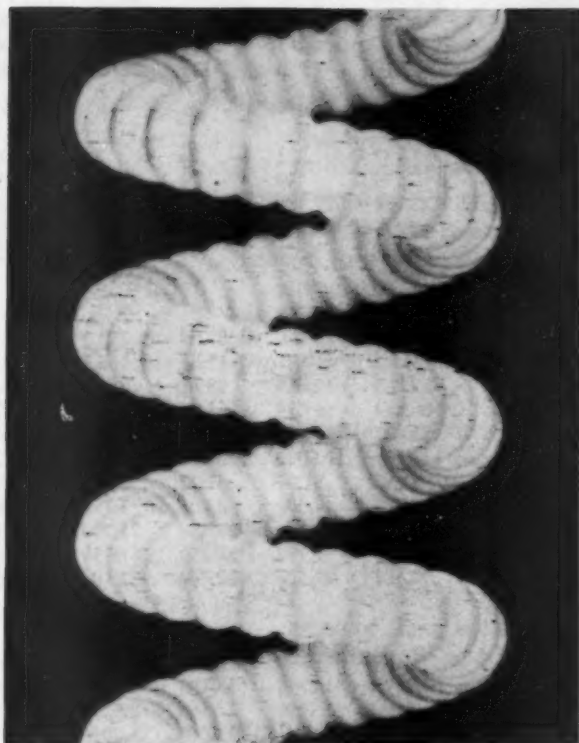
<sup>‡</sup>Ceiling fixed by government.

<sup>§</sup>Date for "Latest Week" on each series on request.

## BUSINESS WEEK INDEX OF BUSINESS ACTIVITY




## How to buy Fluorescent Lamps like an Expert:



**1** **You Could Spend a Lifetime** becoming an expert on fluorescent lighting. One good start would be to retrace the ground General Electric research men had to cover in developing the coiled-coil tungsten cathode, shown above 20 times actual size. It's this cathode that starts and maintains the electron flow inside a fluorescent lamp. First, G-E lamp men had to find a way to make tungsten wire, a feat never achieved before. Then they figured out how to coil this stubborn metal, and then coil the coil. To be an expert in your own right, you'd have to be familiar with such techniques. You'd also have to master hundreds of other fields ranging from glass blowing to electronics. Actually, of course, no one man could do it all. But there's an easy answer...



*\*Stay  
Brighter  
Longer!*

**2** **You Can Insist on the**  **Mark** on all the lamps you buy. In other words, let General Electric lamp research men be your experts. As the people who produced the first practical fluorescent lamps, General Electric has continued to lead the field with the newest improvements. \*Today, G-E lamp research is constantly at work to make G-E lamps ever better and to make them Stay Brighter Longer.

# G-E LAMPS

GENERAL  ELECTRIC



## New Pattern for Steel

Increasing costs force America's basic industry to make drastic changes in marketing methods, withdrawal from unprofitable lines. Closer-to-home selling is the significant trend.

To many a manufacturer of durable goods—paring knives to printing presses—the big news this week was the 26.6% increase in steel output over the preceding week. America's basic industry was on the road back from the depths to which it had been plunged, first by a strike of its own workers last winter and then by the coal strike, which meant a loss of 12,000,000 tons of badly needed steel (page 17). For the first time since V-J Day, steel consumers began to look forward to an uninterrupted, if inadequate, supply of bars, billets, strip and sheet.

**Drastic Change Coming**—But the important fact of the matter is that the steelmasters still can't square away on their overwhelming postwar job; they aren't free to focus attention exclusively on their one big goal: more output. They are bedeviled by a variety of problems which all add up to the big headache of how to meet increased costs.

And the solutions which the steel industry find to their cost problems mean fundamental change in the organization of the industry and its way of doing business. They mean a drastic alteration in long-established patterns of supply and methods of marketing. They mean—to the steel user—that he will have to scratch for his requirements, no longer relying on the comfortable, long buyer-seller relationships which prevailed before the war.

**Costs Swing Upward**—The principal increased cost items which confront the steel industry are the expected 50¢-a-ton boost in the price of soft coal and the pending jump in freight rates. The higher price of coal will boost pig iron costs by about \$1.12 a ton, which will raise the cost of a ton of steel by about half that amount.

Heavier freight rates will also jack up production costs, for a mill must assemble 2 tons of ore, 2½ tons of coal, and 4/10 of a ton of limestone to make a ton of steel, and it must ship out the steel when it is finished. The location of some mills favors them with lower water rates, but the threatened maritime strike (page 86) may boost those costs too.

The serious and increasing shortage of scrap also threatens further increased

costs—payment of premium prices, acceptance of inferior grades, and resort to the substitution of pig iron in the mix (which in turn will further cut pig iron supplies for foundries and other customers).

Sharply intensifying the whole problem is OPA's resistance to price increases. The industry is currently laying its lines for an assault along the whole product front on the price ceilings.

• **Four-Way Answer**—What are the steelmasters doing to meet the cost crisis

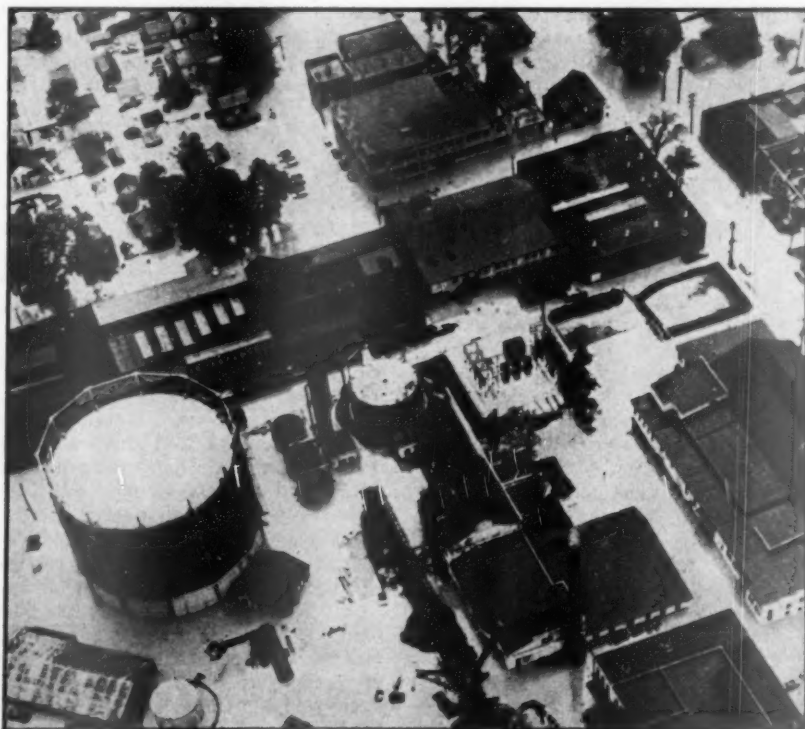
which is acute now and promises to remain that way for a good long time to come? The principal practical answers are of four kinds:

(1) They are improving plant efficiencies by installing new facilities—\$327 million this year, primarily for equipment to produce tinplate and cold-rolled and hot-rolled sheet and strip.

(2) They are concentrating production on the more profitable items—those with a little more "give" in the price ceilings.

(3) They are withdrawing from unprofitable markets.

(4) And—most significantly of all in the long run—they are modifying or relaxing the basing-point system of price control to compel more economical, closer-to-home marketing of products and eliminate costly cross-hauling. Thus—by defaults, in effect—the government stands a chance of winning its



### IN DEEP WATER—AND STILL IT RAINS

To the man-made problems already inundating the nation, nature added its own last week as flood-swollen rivers in Pennsylvania, Ohio, and New York caused damage estimated at well over \$50,000,000. Typical scene was the business section of Elmira, N. Y. (above), where a one-day deluge halted railways, crippled power services, rendered hundreds homeless. Corning Glass Works and other industrial plants in the area were shut down—some for a week. The Susquehanna Valley reported wide crop loss as hundreds of tons of rich top soil were ripped away by the heavy rains. And this week, while the early floods receded, new ones struck in eastern Pennsylvania.

age-old crusade against the basing points.

• **Low-Profit Items Avoided**—So sharp has been the focus on the profit return of every individual steel product that some railroads may not have enough track accessories—nuts, bolts, flange plates, etc.—to lay the rails which are now being shipped to them, unless Washington is persuaded to adjust the steel price equation in favor of these low-profit items. Why turn out steel for track accessories, mill men understandably ask, when hot-rolled and cold-rolled sheet and strip and electrical sheet yield a better return?

Thus far, OPA has justified its refusal to adjust prices for the low-profit items on the argument that it cannot undertake to guarantee an equal profit on everything in the product mix and that the Civilian Production Administration should use its allocation powers to effect a proper balance of output. Since many hard-pressed steel consumers have appealed to Washington for relief, it is possible that CPA will be forced to take the necessary action.

• **Substitutes to Fore**—Meanwhile, some consumers have investigated the possibilities of substitute materials, such as aluminum; and that worries steel men not a little, particularly in view of the steadily declining price of the light metals over recent years as their production capacities have multiplied.

Still others who aren't fussy about analysis or gage have contrived to fill their steel requirements out of government surpluses. But many users find themselves in a predicament like that of the refrigerator maker who has plenty of steel sheet but finds it impossible to locate other kinds of steel needed for fittings and parts.

Many steel users find themselves strapped for supplies because of the decision of mills not to sell in various areas where the orders aren't worth the expense they take to book and fill. Sometimes these refusal-to-sell decisions affect a whole company line.

• **Restricting Markets**—Some eastern mills have withdrawn from midwestern and far western markets, while midwestern mills have withdrawn from the far western and eastern markets.

Last April, Spang-Chalfant closed its Chicago sales office and stopped shipping pipe into that area. Laclede Steel and Pittsburgh Tube also got out of the Chicago pipe market. Jones & Laughlin withdrew all sheet items from the Chicago market, and cut its offerings of small size seamless tubing there. Allegheny-Ludlum withdrew from the Chicago market on high-carbon, cold-rolled strip.

• **Attack on Freight Rates**—To maintain its operation on the Pacific Coast U. S. Steel tried to get lower freight rates on shipments from its mills at Pitts-

burgh, Youngstown, and Cleveland to Atlantic ports for water shipment to the Pacific. Big Steel can ship by water from the Birmingham plants of its subsidiary Tennessee Coal, Iron & R.R. Co., but as it pointed out to the Interstate Commerce Commission, in its pending application, plants in the big Pittsburgh-Cleveland area are at a serious disadvantage in competing with plants nearer to or on tidewater, such as Bethlehem Steel's mill at Sparrows Point.

To do business on the Coast, the big new western mills—Geneva Steel at Provo, Utah, and Kaiser's plant at Fontana, Calif.—as well as old-line mills, such as Colorado Fuel & Iron at Pueblo, Colo., also hope for reduced freight rates on raw materials and finished products—or at least they hope to escape the general increase which now impends. Meanwhile C.F.&I. continues to quote prices on a Chicago or Birmingham base, and nearby customers have to pay the "phantom freight" from Chicago or Birmingham even if they are just around the corner.

• **Initiated by Big Steel**—Ultimately, increased competition for the western steel market may break this basing-point practice which is now significantly out of line with the trend throughout the rest of the country toward modification of basing-point practices, a trend which is unquestionably the single most important result of the present cost squeeze on producers and the present limitless demand from consumers.

Modification of the basing-point system was initiated last September when U. S. Steel Corp. established a half-dozen new basing points on stainless steel (BW—Sep. 15 '45, p17) and other producers of stainless products immediately followed suit by designating new base points at or near their mills.

• **He Paid the Same**—Until that time, all stainless had been sold on a straight Pittsburgh-plus basis. That meant that if a consumer in Chicago wanted to buy stainless steel sheets, he paid the price prevailing in Pittsburgh, plus the freight charge on that shipment from Pittsburgh to Chicago—and it didn't matter whether he actually ordered the sheets from a mill in Pittsburgh, Baltimore, or right in Chicago. All mills quoted him the same delivered price, assuming no special concession. If a Chicago producer sold the sheets he saved himself the "phantom" freight from Pittsburgh and increased his profit by that much.

If the Baltimore producer took the order—because he wanted the business or needed the volume—he may well have lost on the deal, for he could only charge the freight from Pittsburgh to Chicago and had to absorb the freight charge from Baltimore to Pittsburgh in his profit—if any.

• **It's Different Now**—Under the new multiple basing-point system on stain-

less, the Chicago buyer will still quoted the same price by all suppliers who want to bid on his business—but will be a significantly lower price. Chicago itself is now a basing point for stainless sheets, and all suppliers have to sell at the price quoted there, with no freight charge added in. If a Pittsburgh supplier wants the business, now has to absorb the freight from Pittsburgh to Chicago, and the Baltimore producer has to absorb it all the way from Baltimore. Since most suppliers have more business than they can handle nearby, there is little or no siting of business far afield.

And what is true of stainless steel also increasingly true of carbon and other varieties of steel. Originally, steel was sold on the sole Pittsburgh-plus basis, but that system was abandoned in 1938 when U. S. Steel wiped out the differential between Chicago and Birmingham, as compared with the Pittsburgh base price. Dozens of additional basing points on a variety of products were announced before the war, and the present cost situation forcing the designation of still others.

• **New Basing Points**—Thus, recent Bethlehem Steel named Sparrows Point and Carengie-Illinois named Youngstown as basing points on tinplate, black plate, hot-rolled carbon steel bars and small shapes, alloy hot-rolled bars and springsteel flats, alloy bar strip, and steel barrel hoops. Wherever multiple points exist on a given steel product, any bidding on a specified contract quotes price equal to the lowest combination of base prices quoted by mills near the buyer plus freight from those base mills.

All of this means that as more and more basing points are created, steel marketing operates more and more on a home market basis, for freight absorption by the mills is out of the question today. As a matter of fact, in more and more situations today the customer pays the freight.

• **High Volume Foreseen**—Steel producers are not worried about ultimate results of these drastic changes in marketing operations for they see a favorable level of domestic business for at least three or four years and an export demand that will back up a high level of operations in any domestic lulls. Certainly the industry is sold out solid for 1946, even if some taciturn district managers do worry about many of their orders being duplicated on the books of other mills as steel-hungry consumers try to cover all possible sources.

But some day when the mills start fighting for business again, the new basing points will intensify competition. When the buyer's market comes and distant mills are again willing to absorb freight for the sake of business, present buy-and-sell-at-home relationships will be put to the test.

# Industrial Normalcy—When?

Coal miners are back at work, but it will take months for the nation's production to regain its stride. Inventories must be replenished first. Stringent controls likely for some time.

Miners were back digging coal this week, but the nation's economy was still struggling with the strike's after effects—as, indeed, it must for several months to come. And Washington, in addition to maintaining its temporary stringent coal, steel, and other industrial controls, was also working this week on a longer-range set of regulations that would mark the sharpest return towards wartime administration since V-J Day.

**Minimum of 30 Days**—Aside from permanent losses to myriad consumers and inevitable resultant upsets to normal consumption, here is the way production days will work out:

It will be at least 30 days before the flow of coal can return to any semblance of normal.

Four to five weeks will be necessary for ingot steel to begin at capacity once more; it will take twice that time for finished steel to start moving at pre-strike volume.

Metalworking generally will take still longer to resume in full, and such industries as autos will be held up further while sheet-strip steel capacity is directed to rush out tin cans for food cans now coming in.

**Gradual Process**—Drawing as they did the pipeline inventories of materials, the various segments of the productive mechanism did not slow down all at once; hence they will not now pick up all at once; and in fact, the timing of recovery will be inverse to the slowdown. Coal stockpiles cushioned pig iron output; pig iron stocks eased the ingot steel letdown; ingots and billets in hand were rolled at capacity weeks after mining halted. Now, coal inventories need replenishment first; then pig iron can be made for refilling pipelines in steelmaking, and so on.

As it was, the nation escaped a far more serious over-all production loss only because of the mechanism of coal stockpiling. This is made clear by the rough comparison of what did happen in April and May with what should have happened (figures in millions of tons):

and strike, actual coal output was 25,000,000 tons as against normal output in that time of 115,000,000 tons; so loss in production was 90,000,000 tons.

**• Stockpiles Dwindle**—Underconsumption in that period, however, was only 25,000,000 tons. The difference of 65,000,000 tons is explained by inventories. Stockpiles were drawn down by 40,000,000 to 45,000,000 tons (from an original 70,000,000-ton total, about 12,000,000 of which were, as normally, in transit, and the rest in consumers' hands). And 20,000,000 to 25,000,000 tons normally would have been added to stocks during the April-May letdown from peak winter coal burning.

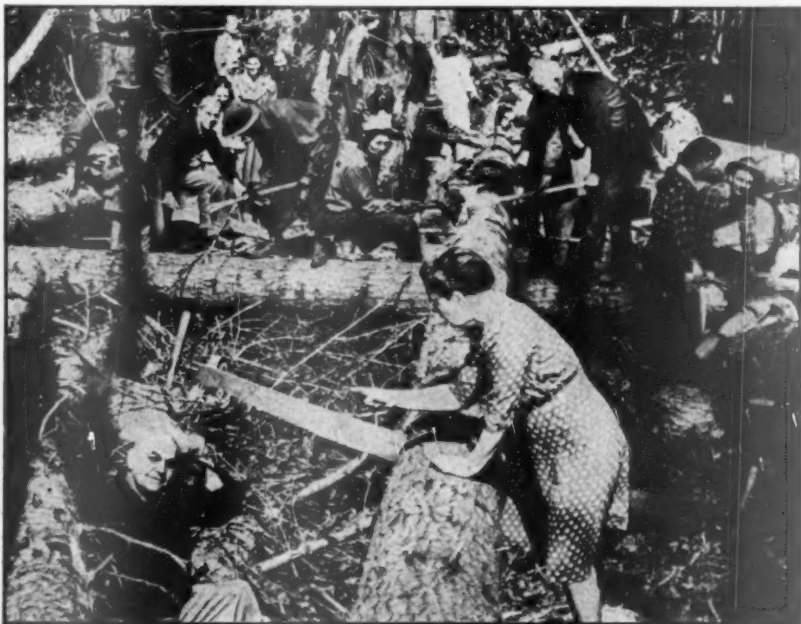
The burden of the 25,000,000-ton drop in coal use, however, had to be borne largely by steel mills and similar industries, due to the need—for the most

part successfully fulfilled—for maintaining electric power output, noncoal freight transport, food plant operations, and similar activities.

**• Pipelines First**—The immediate coal job is to refill pipelines. Most of the first week's output and much of the second's will go just into "in transit" stocks—into coal cars and colliers moving the fuel. For the rest, the Solid Fuels Administration has set up preference ratings and stockpile limitations which are due to last at least to the end of the month—first priority going to utilities, railroads, food plants, etc., second preference to other industrial users, third to domestic and other consumers.

A full 100% of a month's consumption may be shipped to consumers if their stocks are a 20-day supply for the first group, 15 days for the second, ten days for the third, with provision for slightly larger shipments to those users with smaller inventories, and smaller shipments to those with larger-than-maximum stocks.

**• New Issue for Congress**—But problems of coal distribution will last all through the winter, and coal experts figure these will require tighter regula-



## NEWSMEN TAKE TO THE WOODS—FOR NEWSPRINT

Because heavy snows clogged logging operations in Washington's hills this winter, the Wenatchee Daily World faced a shutdown last week for lack of newsprint. With only a three days' stock left and their supplier's warehouse bare, 68-year-old Rufus Woods, World publisher, packed 35 of his newsmen, printers, circulation salesmen off to the hills 40 mi. away. Woods bought a stand of white fir from the U. S. Forest Service; his staff—including Woods and Mrs. Woods (foreground)—went to work, abetted by Peshastin Lumber Co. crew men, who did the felling. At the day's end, they had six carloads of wood to be converted by Inland Empire Pulp & Paper Co., Spokane, into 40 tons of newsprint—and for one publication a paper crisis was averted.

	Did Happen	Should Have Happened	Difference
Stocks, Apr. 1....	70	70	0
Production .....	25	115	-90
Total supply.....	95	185	-90
Consumption ....	65	90	-25
Stocks, June 3....	30	95	-65

In the nine weeks of strike, truce,



# Golden Jubilee: Auto Industry Celebrates Purposefully

Nostalgia vied with high-pitched gaiety in Detroit last week end as the National Automobile Industry Golden Jubilee was staged in the flamboyant fashion in which the auto industry likes to perform.

A three-hour parade of vehicles old and new, floats, and bands (right) marched down Woodward Ave., its pavement sprayed with gold paint, before nearly a million spectators.

• **Aim: Better Teamwork**—Great crowds attended the lighting of the jubilee symbol of radioactivity from a wand of beryllium waved over a tube of boron by Mary Grace Simescu, jubilee queen. Chain radio programs originated in Detroit, people danced in Washington Blvd. alongside a ramp for entertainers, a pageant traced the city's growth, and business closed down so everyone could participate.

The cost approximated \$500,000, and the dividend hoped for was an improved spirit of management-labor teamwork in carrying forward the jubilee theme: "Hats off to the past, coats off to the future."

• **Pioneers Honored**—At the jubilee's kickoff banquet, the auto industry's pioneers (below) were presented with



their Charles Clifton awards (named after the late president of Pierce-Arrow Motor Car Co.), symbolizing their entry into the Automotive Hall of Fame. They are, left to right, John van Benschoten, veteran Poughkeepsie (N. Y.) Dodge and Plymouth dealer; Charles Snyder, veteran York (Pa.) Hudson and White dealer; R. E. Olds, Lansing, Mich., founder of Olds and Reo; Barney Oldfield, Los Angeles, early speed champion; Charles W. Nash, Beverly Hills (Calif.) founder of Nash; Frank Kwikinski, South Bend, Ind., a 50-year Studebaker employee; Charles B.

King, Larchmont, N. Y., who drove the first auto in Detroit in 1896; George M. Holley, Detroit, veteran carburetor manufacturer; Henry Ford; J. Frank Duryea, Madison, Conn., early builder of the Stevens-Duryea; and Edgar Apperson, Phoenix, Ariz., Haynes-Apperson Co. founder. W. S. Knudsen (extreme right) was celebration chairman. Three others not in the picture who were honored are John Zaugg, 50-year worker with White Motor Co.; William C. Durant, General Motors founder; and Alfred P. Sloan, General Motors chairman.



tions than ever obtained during the war. That poses a new issue for Congress: The life of the SFA—probably the only agency, and certainly the one best set up, to handle coal distribution—is due to expire June 30. The main jobs SFA foresees are to siphon scarce byproduct-grade coking coal to the steel industry, to divert coal for the short Great Lakes shipping season, to fulfill even the now lowered export goals, and to handle the

shifts in shipments that will need to be made later if these tasks are tackled now.

Some 4,000,000 tons of steel ingots were lost because of the coal strike up to the start of this week, and another 2,000,000 will be lost in the month it will take operations to recover. The Civilian Production Administration therefore will keep in effect its present steel inventory restrictions for some time to come; likewise the priority to

tinplate production will be kept on. • **Steel Allocation?**—What is more, however, the whole steel shortage, greatly aggravated by the loss of 8,000,000 ingots sustained in the steel strike, now has reached the point where CPA officials are drawing up a limited allocation order for the industry. Whether it will actually take the step of imposing the control may be another matter, for the agency—and the industry—has long



ed a return to complete war-type  
tions.  
such severe measures are contem-  
now for other materials hit by  
coal strike. Lack of coal hurt brick  
gypsum board, and curtailment of  
iron cut output of washtubs and  
iron pipe, all going into the housing  
boom. Fertilizer, plastics, paints, and  
chemicals have been seriously set  
back. Repercussions on glass containers,  
cans, and steel drums have worsened  
certain shortages. And so the story  
down through the lists of a whole  
of industries, products, and mate-

## Rolling Its Own

**Kaiser-Frazer buys into a  
steel company and is ship-  
ping ingots from California for  
processing in Midwest.**

Henry J. Kaiser started the rumor  
grinding again last week when he  
announced that Kaiser-Frazer Corp. has  
decided to purchase a substantial interest  
in a new steel company as one means of  
meeting the steel needed to turn out  
long-awaited, and much-ballyhooed  
new car and its companion, the Gra-  
hams Paige Motors Corp.'s Frazer car.  
Beyond revealing that the new steel  
company is concluding a deal with  
Wheeling Steel Corp. for Wheeling's  
Portsmouth (Ohio) works and that he  
is shipping ingots from his Fontana  
(Calif.) steel mill for rolling into auto-  
mobile sheet at some undisclosed mid-  
west location, Kaiser was singularly un-  
communicative.

**Haul—**Some well-informed  
sources, strengthened by the Southern  
R. R.'s application to the Inter-  
national Commerce Commission for per-  
mission to haul ingots from Fontana to  
Detroit for \$17.44 a ton, was to the ef-  
fect that Great Lakes Steel Corp., De-  
troit, will process the ingots into sheet.  
The equivalent commercial freight  
is \$33.38 a ton.) Later, if and when  
Wheeling is acquired, the ingots could  
be broken down into sheet bars at Port-  
smouth and rolled at Great Lakes. Port-  
smouth has no sheet mills.

Ernest Eaton, Cleveland financier and  
Kaiser's financial mentor—Eaton's firm,  
Eaton & Co., had a leading role in both  
Kaiser-Frazer stock offerings (BW—Feb.  
1970)—entered the picture as reports  
circulated that he may be the prime  
broker in the deal. Eaton played a sim-  
ilar role 16 years ago when Republic  
Steel Corp. was set up as the third-  
largest producer in the industry.

**Objections—**The Portsmouth works is re-  
garded as a second choice for Kaiser-  
Frazer. Reliable reports are that Kaiser

first approached four small noninte-  
grated sheet steel mills. They were en-  
deavoring to buy the Lowellville (Ohio)  
works of Sharon Steel Corp. (BW—Apr.  
13'46,p66). Kaiser is said to have of-  
fered to put up 25% of the money, but  
the deal fell through when Sharon de-  
cided to keep Lowellville.

Kaiser has a flair for doing unusual  
things, but some aspects of his latest  
deal have steel and auto men shaking  
their heads:

(1) The Portsmouth works, besides  
having no sheet capacity, is a high cost  
operation. It was one of the first to get  
price relief on billets from OPA early  
in the war.

(2) Rail shipment of ingots from  
Fontana to the Midwest is an heroic  
measure which must cost Fontana,  
Kaiser-Frazer, or both a pretty penny.  
For, besides rail charges, one of them  
must absorb the differential of some \$10  
a ton between West Coast and Detroit  
steel prices. And Great Lakes would col-  
lect a fee for its services.

• **Possible Answer—**Kaiser's new steel  
moves explained in part his failure to  
bid on the \$92,000,000 South Chicago

steel plant when War Assets Adminis-  
tration opened tenders a month ago  
(BW—May 11'46,p18). WAA subse-  
quently rejected bids of both Republic  
and C. A. Depue, Clinton, Iowa.

## Big Plant A-Going

**Dodge Chicago facilities  
draw bids from Tucker Corp.  
and Consolidated Grocery.  
WAA white elephants fewer.**

Odds are that the Dodge aircraft en-  
gine plant in Chicago—second biggest,  
probably, of all the war plants—will soon  
be turning out private brand groceries  
or else a radical new streamlined car.  
The two most likely bids which War  
Assets Administration received this week  
on the huge factory were from Tucker  
Corp. and Consolidated Grocery Corp.

Tucker proposed to lease the plant  
for manufacture of his much-talked-of  
100-mile-an-hour, \$1,000, hydraulic-  
drive car (BW—Feb. 23'46,p28). In his



### HOUSE PROVES ITS METAL

Eight years ago, before there was a  
housing crisis, Pittsburgh's N. D. Pat-  
terson (above, right), president of the  
Se-Kure Corp., built an experimental  
all-steel house in nearby Mt. Lebanon.  
Recently, steel and housing experts—  
including National Housing Agency's  
Ralph Britton (right)—watched as he  
cut into a large section, found inner  
walls and beams rust-free. Justified in  
the development of his test house,  
Patterson will market his "tin can"  
when steel and a builder are available.



bid, Tucker talks of employing 35,000 persons, turning out 1,500 cars a day. He offered to pay 3% of net sales as rent, with a guaranteed minimum of \$600,000 the first year, \$800,000 the second, and \$2,000,000 for the next three. He proposed to buy the production machinery in the plant at the Clayton formula price (BW—May 26 '45, p. 74), spreading the payments over 100 months.

• **The Other Offer**—Consolidated Grocery, the rapidly expanding wholesaler who specializes in selling private brands to independents (BW—Feb. 23 '46, p. 80), bid only on the bare building but offered an outright purchase at \$12,000,000 cash or \$15,000,000 on time. Consolidated proposes to use part of the property in its own grocery business and dispose of the rest to other food processors and manufacturers. The firm recently was charged with monopoly by the Federal Trade Commission (BW—Mar. 2 '46, p. 81).

Gradually, WAA is disposing of a few of its largest potential white elephants. Of the ten biggest surplus facilities, here's what has happened to the other nine:

**Geneva Steel Works**—this \$200,000,000 integrated steel plant near Salt Lake City has been tentatively sold to U. S. Steel Co., the wartime operator, for \$47,500,000, but Justice Dept. still has to approve the deal.

**Wright Aeronautical Corp.** plant at Lockland, Ohio—industry has shown no interest in this \$141,000,000 property.

**Basic Magnesium**—this \$134,000,000 plant in Nevada to produce metallic magnesium was shut down even before the war ended. No early sale is in prospect.

**Chevrolet aircraft engine plant** at Buffalo—a \$137,000,000 property. Sold to General Motors, the wartime operator under the purchase option in its operating contract.

**General Motors aircraft engine plant** at Melrose, Ill.—of the \$125,000,000 plant, a portion costing \$20,000,000 has been sold to International Harvester for \$13,750,000.

**Carnegie Illinois Steel plants** at Duquesne and Homestead, Pa.—these cost \$100,000,000, are now being advertised for bids.

**Willow Run bomber plant**—the \$96,400,000 plant has been leased to Kaiser-Frazer for production of automobiles.

**Big Inch Pipeline**—some interest has been shown in buying this \$95,000,000 project, which runs from Longview, Tex., to Bayonne, N. J., for conversion to natural gas. But WAA is holding out for its use to move oil.

**Studebaker aircraft engine project**—the Chicago unit of this \$92,800,000 facility has been leased to Western Electric Co. The South Bend and Fort Wayne units are still waiting a buyer or tenant.

## Union Embargo

**Kansas City local refuses to load CCC wheat destined for Mexico, urging milling in U. S. as an aid to employment.**

Recent action by a local union deep in the heart of midwest America to embargo wheat shipments to Mexico indicates that the maritime unions are not the only ones which can influence U. S. foreign trade.

• **Aim Is Employment**—Since May 28 the Kansas City local of the American Federation of Grain Processors (A.F.L.) has imposed a no-handling order against Commodity Credit Corp. wheat scheduled for loading into boxcars of the Mexican National Railways. About 500,000 bushels are earmarked for Mexico, according to J. A. Leveridge, international vice-president of the union.

Back of the union's move is a desire to have the wheat milled in Kansas City, where four of the eight largest mills are closed for lack of stocks and where, according to the union, 90% of its 2,000 members have no work or only part-time work. The union suggests the grain be ground locally before shipment.

• **Protests to Truman**—The union has also wired President Truman, Secretary

of Agriculture Clinton Anderson, members of Congress protesting movement of wheat to Mexico in reference to the famine countries in Europe, claiming no great need exists in Mexico. Backing up this protest the union are the Kansas City Board of Trade and the Associated Millers of Kansas Wheat.

Dept. of Agriculture officials say they are investigating the situation, insist that Mexico is definitely short of wheat. They declare that the U. S. historically covered Mexico's wheat deficit and that 1946 shipments are part of a normal trade relation with a neighboring nation. They admit that the expected total of about 3,700,000 bushels is larger than usual but point out that Mexicans in return hope to produce some oils and fats for European use. Another factor pressuring us to limit the wheat flowing southwards is the mal agreement by which Mexico furnishes labor for United States beet fields.

• **Another Refusal**—Following up on the union's embargo Commodity Credit Corp. ordered the wheat loaded for shipment to Galveston, but the union refused these loadings, claiming that the situation was a subterfuge. Union officials expect an alleviation in the employment situation when the new wheat harvest starts flowing into the country several weeks hence.

## Where the United States' Wheat Goes

From burdensome surplus to dire shortage—that's the war and postwar story of U. S. wheat. A major factor has been continued heavy feeding of wheat to livestock, but the biggest single demand is relief of war-ravaged nations which is rolling exports up to a record exceeding 400,000,000 bu. in the crop year that ends June 30, 1946.

Meanwhile, the government wants to replenish reserve stocks in the country out of the crop now ripening. As figures for the 1946-47 crop year show, industrial use (notably beverage alcohol) is one of the principal victims. Yet the effort to rebuild reserves to about 140,000,000 bu. at the end of the next crop year obviously means a cushion in the figures.

Supply and Disappearance of U. S. Wheat

Crop Year	1932-41 Average	1944-45	1945-46†	1946-47†
Carryin .....	235,000,000	317,000,000	281,000,000	80,000,000
New crop .....	738,000,000	1,072,000,000	1,123,000,000	1,000,000,000
Imports .....	9,000,000	42,000,000	10,000,000	* .....
<b>Total supply...</b>	<b>982,000,000</b>	<b>1,431,000,000</b>	<b>1,414,000,000</b>	<b>1,080,000,000</b>
Human food ....	475,000,000	559,000,000	500,000,000	450,000,000
Livestock feed ...	122,000,000	289,000,000	300,000,000	150,000,000
Industrial use ...	.....	82,000,000	20,000,000	2,000,000
Seed .....	81,000,000	85,000,000	85,000,000	85,000,000
Exports .....	43,000,000	135,000,000	425,000,000	250,000,000
<b>Total use.....</b>	<b>721,000,000</b>	<b>1,150,000,000</b>	<b>1,330,000,000</b>	<b>937,000,000</b>
Carryout .....	261,000,000	281,000,000	80,000,000	140,000,000

† Figures for 1945-46 and 1946-47 are rounded, do not foot up to exact carryout totals.  
\* Imports in 1946-47 will be negligible if any.

## Too Little Bread

With flour production at a new low, government seeks to ease the pinch by lending mills grain from export stocks.

The federal government acted this week to bring some measure of relief to consumers suffering from the most unexpected shortage to grow out of the war—too little bread. And flour mills, shutting down one after another all over the country, should be helped a little.

However, there was nothing about the action to bring real consolation to the housewife who has been obliged to stand in line at bakeries, or to hope her neighborhood grocer had a loaf or two under the counter for a long-time customer. Nor does the milling industry foresee any real improvement until new-crop wheat comes to market in volume—and even then bread will be available in substantially smaller quantities than last year.

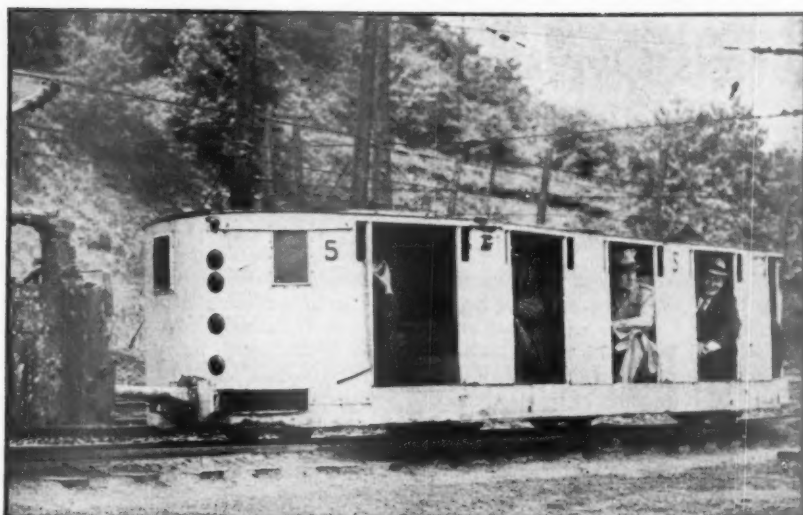
**• Loaned Wheat**—This week's government action was designed mainly to correct inequitable distribution. Under the conservation program to boost relief shipments abroad, domestic mills were cut to 75% of their 1945 flour grind in May and June. What the government now proposes is to lend wheat from its export stocks to mills that couldn't get enough even to run at 75%. (Loaned wheat would be repaid by the mills with the wheat that is bought from the 1946 harvest).

As a direct aid to millers, the government offered a two-fold plan: (1) They will be allowed to mill flour for export from their own stocks of wheat if the flour will be offered at once to the government for export, or (2) they can mill government wheat if the mill is in the direct line of the wheat's flow to seaboard so that there will be no delay in transit to dockside.

**• Bonus Succeeds**—The Dept. of Agriculture finds itself able to be a little more lenient on the home front due to success of its 30¢-a-bu. bonus offer in sucking relief wheat out of farmers' bins; the total acquired topped 81,000,000 bu. Beyond that, exports were slowed up considerably by the transport jams which were caused by the railway labor difficulties and floods.

These factors do not, however, make any material change in the domestic outlook for flour or bread. The 75% limitation on milling of flour will go up, as originally announced, to 85% in July—but no higher. That will mean a continuing scramble for the curtailed supply.

And the June 1 cut in the size of the loaf by 10% (with no accompanying



## CARS OF STEEL TO CARRY COAL MEN

Even before the end of the bituminous coal strike, Pittsburgh Coal Co. had at least a partial answer to John L. Lewis' demands for improved safety in the mines. It is an all-steel "Pullman" (above), one of eight installed at Montour No. 10 mine near Library, to carry the men to and from their jobs. Built to withstand falling slate and insulated against electric shocks, the 38-passenger, 18-ft. mantrip cars can be pulled by mine locomotives at 12 m.p.h. Their use will cut portal-to-portal time appreciably—but not the pay, since miners are paid for an hour's travel regardless of time consumed.

reduction in price) naturally means that the increased number of loaves available will feed no more mouths.

**• A Record Low**—According to the Northwestern Miller, which for over 25 years has compiled a weekly tabulation of flour mill operations in every section of the country, production last week slipped to an all-time record low averaging but 38% of capacity, compared with 50% in the preceding week and 84% for the same period a year ago.

And millers aren't overjoyed by the fact that they are permitted to increase operations in July to 85% of year-ago rates. The catch is that the government wants 250,000,000 bu. of wheat out of the 1946 crop to take care of relief food requirements in the year beginning next July 1.

**• CCC's System**—To get this quantity, the Commodity Credit Corp. has set up a system which amounts to marketing quotas. It is designed to give CCC about a quarter of the 1946 harvest which on May 1 was estimated at roughly a billion bushels.

In addition to the export program's big bite out of the 1946 bread crop, millers expect to be cramped on supplies by farmers' reluctance to sell. Wheat growers are indignant over the government's constantly shifting price policy. They feel that the emergency 30¢ bonus on wheat for export should be extended to cover the new crop, but Washington authorities have been firm

—so far—in their insistence that the recent increase in ceiling price is all that is to be expected.

**• Bakeries Slowed Down**—Bakeries, meanwhile, are attempting to adjust to reduced supplies of flour in a number of ways—notably shutdowns and premature and longer-than-average vacations. The industry figures that, on the average, it is running just about 25% below a year ago.

Wholesalers, most immediately affected by reduced supplies of flour, are almost uniformly down 25%. Retailers are able to cut corners—to concentrate on few varieties of bread, for example. And retailers have pared costs by layoffs and elimination of overtime.

Some public resentment has been voiced at the prevalence of cakes and other sweets (items on which bakers make a higher profit) on shelves bare of bread. OPA is preparing to strike at this by reducing bakers' sugar allowances, beginning July 1, to 60% of the amount used in 1941.

**• Into the Lockers**—Upward revision of crop prospects in the government's official monthly report June 10 would be the best news the miller, baker, and consumer could get. But, pending such encouragement, panicky housewives are reported putting bread in storage lockers—if they can get the bread and find locker space. There is no other feasible way to hoard the staff of life for any length of time.



## Parcels Overseas

**Sending of food packages has developed into sizable new trade that introduces many of our brand names to Europeans.**

Post Office action last week opening the mails to 11-lb. gift parcels for American-occupied Germany spotlights a development of significance for business.

Overshadowed by the much larger commercial shipments of primary foods to hungry Europe, more than a million gift parcels are being sent each month by individual Americans to friends and relatives in the old countries. Other sizable gifts are being financed through voluntary organizations.

• **What It Means**—The significance for business in this charitable outpouring is twofold: It creates many new acquaintances in Europe for American brand names of canned and processed foods and medical supplies; it has developed a new trade for many department stores, specialty food shops, and newly organized packing and shipping companies.

Most publicized method of giving to Europe is the current Emergency Food Collection, with collection depots for canned goods in more than 6,000 communities. In this drive, headed by Secretary of Commerce Henry Wallace, main emphasis is placed on cash gifts to finance bulk purchases, but both individual donations and commercial purchases involve large quantities of brand-name products (illustration).

• **Free Distribution**—These cans will be distributed free through UNRRA in the countries it already serves, and by official agencies in western and northern Europe.

Even more important, in the long run, are the small parcels which individual Americans send abroad each month. In the first quarter of this year, according to Post Office reports, about three and a half million of these 11-lb.-or-less parcels were shipped. These shipments follow a peak Christmas total of 2,800,000 parcels last November, up 400% from the year before.

• **Fixed Assortments**—Many of these parcels are individually shopped for and mailed. A number of commercial organizations, however, have entered the field, selling fixed assortments.

Some of the commercial sellers are brand-new firms, but many have had experience with soldier packages during the war. Frazer, Morris & Co., which claims to have been first in the field, began six years ago with shipments to Britain during the Blitz.

Most firms offer parcel post packages shipped directly from the United States and also larger parcels shipped

by freight from agents in Denmark or Sweden. All-inclusive prices range from \$6 or more for 11-lb. parcels up to nearly \$30 for 36-lb. shipments from Scandinavia. Some companies offer variations such as cosmetics, or sugar, coffee, and cocoa sent from Cuba, and even 100-lb. sacks of flour (illustration).

• **Department Stores**—Size of firms ranges from small shops which spring up in immigrant neighborhoods on up to food sections of large department stores.

Gimbels in New York has opened a whole department for its food parcel business, which has tripled in recent months. Biggest Gimmel seller is a 36-lb. package sent from Denmark. Macy's reports a very large and constantly increasing business in its food parcel division. Both of these stores have their packages made up by export firms.

A new large-scale food package business has also been started by Cooperative for American Remittances to Europe (CARE), a group formed by 24 religious, relief, and labor organizations. CARE has bought several million of the Army's 30-lb. "ten-in-one" rations and has already shipped a million pounds of them to warehouses in Europe.

• **For Sale Here**—The packages, providing 40,000 calories each, will be sold here at \$15 each for delivery from the European warehouses to the purchaser's friends or relatives. Included in these packages, being promoted by the American Bankers Assn. and other groups, are several standard brand items.

No less significant to the Europeans are the religious organizations and various relief agencies of individual countries, which collect, sew, and ship clothing, and raise money for food and medical supplies. In addition some agencies are doing a small amount of work in the Orient.



Efforts by U. S. citizens to stay Europe's increasing hunger range from the nationwide Emergency Food Collection of canned goods, shown (left) in operation at one of its 6,000 volunteer-staffed receiving depots, to individual gifts sent through small packing and shipping companies which have blossomed out in such neighborhoods as New York's German section (right).

## Future of C.E.D.

**Peacetime program will be directed to grass roots with new emphasis on research program. Goal is 100,000 members.**

Organized four years ago for the specific purpose of helping business meet the problems that would face the U. S. economy after the war ended (BW-Jan. 2'43, p27), the Committee for Economic Development this week announced its plan for its future and for eventual completion of its appointed chores.

• **Two Functions**—That C.E.D. plans to have a future surprised those business people who had thought of it purely in terms of a wartime organization. Certainly one of its two original functions has been discharged: its assignment to stimulate and assist businessmen to plan intelligently and boldly for the postwar period. Contrary to dismal predictions from other sources which had busily given the lie to C.E.D.'s optimistic outlook in 1944-45, employment six months after V-J Day was at its highest peacetime level.

Its other original function was to determine through objective research those economic policies which would best encourage high production and employment. Well before they became urgent, C.E.D. looked squarely at the transitional problems of the postwar months. It started on such topics as contract terminations and continued until it had worked its way through the still current question of what to do with price control.

• **A Major Influence**—These knotty subjects were studied by C.E.D.'s eco-





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President David Burpee rates "Appearance and impression of quality" at 70 percent in his Company's pie chart or paper dollar of bond paper values. For 50 years the Burpee Company, Philadelphia, has been the largest mail order seed business in the world. And Burpee is foremost also in the development of improved varieties of vegetables and flowers. Blossoms are artificially pollinated by Burpee at Fordhook Farms, Pa., and at the Burpee Farms in Iowa and California, to

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conomic staff of eminent scholars and by its research committee of top business executives. Rubbing their facts and opinions one against the other, these groups worked out their findings and published their recommendations.

Through the monographs of its professional economists, the policy statements of its businessmen, and the generally moderate testimony that its trustees have given as individuals in congressional hearings, C.E.D. has exerted a major influence upon the nation's eventual adoption of policies and procedures that made sense to most folks who were willing to subordinate prejudice to facts.

• **Aim of Production**—The men who spark-plugged C.E.D. to its present eminence lack the traditional motives for perpetuating an organization. All of them have business responsibilities that should make them happy to shuck off this extra chore, if they did not feel that several major studies bearing importantly upon continuing a high level of productive employment remain to be carried out.

Many of these men have developed through four years' work in the field of business-government relationships a profound conviction that business must help to find ways to retain for the U. S. the dynamic quality of our economy while modifying its inherent tendency toward economic instability. Failing such an achievement, they foresee government's moving in to restrict business freedom ever more and more, with eventual restrictions upon the political freedom of the individual. Paul G. Hoffman, chairman of C.E.D. and president of the Studebaker Corp., has been publicly stating in recent months his belief that the next five years will see which way this pendulum will swing.

• **To the Grass Roots**—The rejiggered C.E.D. is devised for two major purposes: (1) to speed up the research program conducted by the special C.E.D. technique of collaboration between businessmen and economists; (2) to carry its ideas, and the factual material that they imply, into the hands of individuals alert enough to comprehend these, energetic enough to do something about them, and numerous enough to make the group's influence felt. It is a move to the business grass roots.

Organization-wise, the board of trustees remains the governing body. The officers and trustees who have been most active in C.E.D. continue in the top positions: chairman, Paul G. Hoffman; vice-chairmen, Ralph E. Flanders of Jones & Lamson Machine Co., Marion B. Folsom of Eastman Kodak Co., Walter D. Fuller of Curtis Publishing Co., and Eric A. Johnston of the Motion Picture Producers & Distributors of America. The board is, however, being in-

# Still looking into the **FUTURE!**

## **YESTERDAY**

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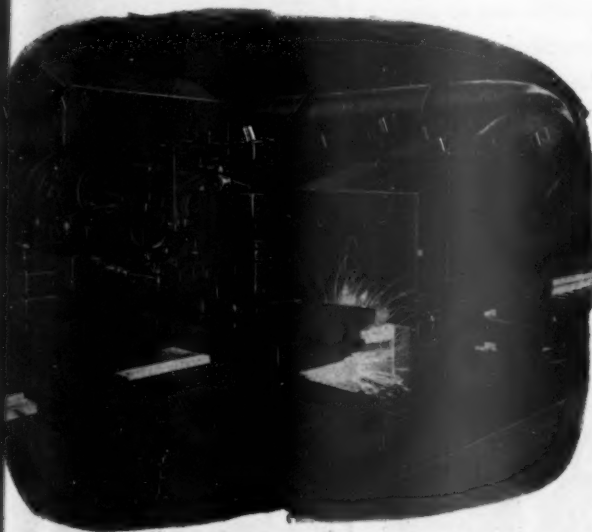
Oxyacetylene hand scarfing really set production costs tumbling—in the twenties. It was the oxygen industry's answer to one of the most troublesome problems confronting steel men.



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## **AIR REDUCTION**

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# Employee Restaurants Are Morale Boosters

by Richardson Wood  
INDUSTRIAL ANALYST

With output-per-worker now recognized as the vital factor in production efficiency, management is coming to realize that workers' *esprit de corps* is as important as the manufacturing set-up.

In a post-war survey among managements who have appraised the effects of their in-plant feeding operations...

3 out of 4 report that they are morale boosters, help make workers more cooperative.



Many say that employee feeding also contributes to production efficiency by attracting a better type of



worker; saves employee's time; reduces fatigue, accidents and trained labor turnover. And 83% are so convinced of the importance of employee feeding as an industrial policy that they predict manufacturers generally will adopt the practice as a progressive peacetime policy.

From the interesting findings on the many-sided aspects of Industrial Employee Feeding, revealed by Richardson Wood in a survey of management experience and opinion since VE Day. A complete report on this survey with facts and figures will gladly be sent on request.

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creased to about 90 trustees. They are men of the general stature of the 27-man board previously in harness.

The same top men will head up employed staff: executive director, Scott Fletcher; research director, Theodore O. Yntema; associate research director, Howard B. Myers.

• **Regional Program**—First step in program of disseminating information is appointment of 48 state chairmen selected for their ability to enroll and enlist in each community the support of strong chairmen. There will be a new organization or committee to set up. The ideal community chairman knows his town and therefore can form his one essential task: to secure for invitation to become member C.E.D. those people who will inform themselves first to inform themselves and then to inform their friends.

For \$5 a year the member will receive all official policy statements adopted by the research committee, businessmen and a bimonthly economic review that will be prepared by the staff under the general supervision of the research committee of trustees. The member will also be invited to attend a yearly one-day regional conference at which forthcoming reports will be discussed; there will be about such meetings to cover the country. Also, the member will receive notice of the monographs written by the economists, but to obtain these he must have to buy them. Any one who wants the policy statements, the bimonthly and notices of the monographs, prefers not to be a member of C.E.D. may become a subscriber—annual dues \$3.

• **Goal of 100,000**—Expectation is membership will reach 100,000 by end of 1946. Their dues will barely cover the cost of the service that they receive. Purpose of enrolling the 100,000 is to make sure that C.E.D.'s material produced will have a forceful impact.

For the research program it will be necessary to continue to depend on contributions. Until now, C.E.D. funds have been contributed by more than 3,000 firms and individuals, with no single contribution exceeding \$1,000. Its annual budget has been more than \$1,000,000 in each of the past years.

Expectation is that some community chairmen will arrange local meetings for discussion of the subjects currently being handled by C.E.D. Attendance at these experiments in education includes union leaders and others whose political orientation is to the left of businessmen's, so much the better, in the opinion of Hoffman and his associates.

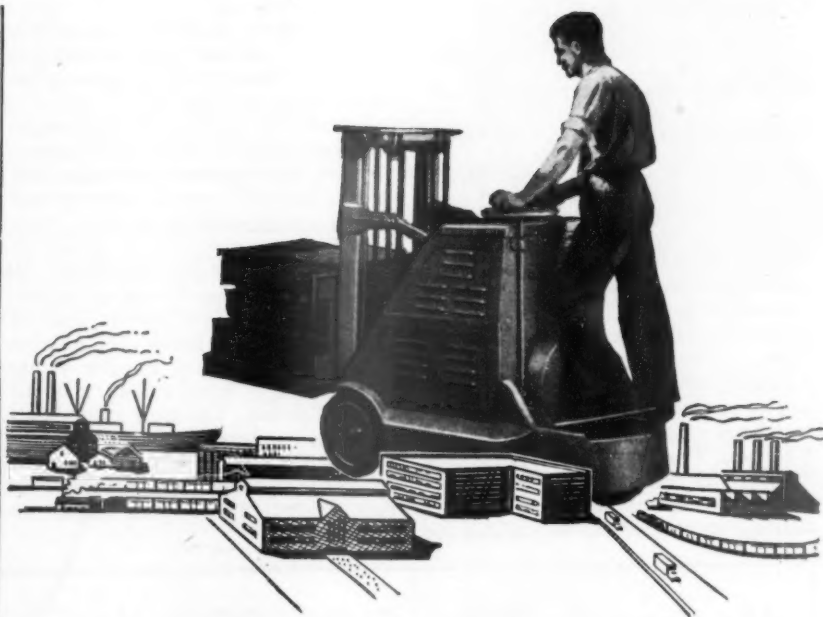
• **No Conflict Foreseen**—Preorganization guess is that most community chairmen of C.E.D. will also be off-

prime movers in local bodies such as the chamber of commerce, luncheon clubs, manufacturers' associations, and so on. Hence it seems probable that they will schedule many of these meetings under auspices of these other organizations. Present intention is to set a pattern in this direction, but to let matters work themselves out naturally. C.E.D. professes to foresee no conflict of interests between itself and other nationwide bodies such as the Chamber of Commerce of the United States, National Assn. of Manufacturers, or National Industrial Conference Board. It does foresee the probability that, in the present state of widespread interest in economic affairs and with C.E.D. material continually available for discussion and study, organizations such as the Economic Clubs of New York and Chicago, made up of businessmen with a bent toward these things, may spring up in a good many communities—perhaps in most cities of 100,000 population or more.



## MARITIME SUCCESSION

Successor to peppery Vice Admiral Harry S. Land as the chairman of the Maritime Commission, Vice Admiral William Ward Smith (above), U.S.N., retired, will probably have the job of consolidating operations of the commission and the War Ship Administration, due to be liquidated July 1. In the thick of the Pacific fight before January, 1943, Admiral Smith later became director of naval transportation, then commander of Pacific naval service forces. Whether the admiral is a political neutral, President Truman may name him a Republican or a Democrat to fill another board vacancy.



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## Butchers Balk

**Union refuses swing shift to enable Monday closings, but Safeway gets court aid to keep stores open, avoid picketing.**

In the eleven years that the Wagner Act has been on the books, the scope of the collective bargaining process has grown ever wider. Repeatedly, as unions have sought to guide discussion into subjects other than the traditional wages, hours, and working conditions, employers have asked: Is this a valid subject for bargaining? Rarely has the question been answered conclusively.

• **Safeway Protests**—This week in San Francisco the question arose again, this time around the union-fostered proposition that more jobs will be available for

union butchers if all meat markets are closed on Mondays.

Independent market owners welcomed the free day; they are lucky to get enough meat to justify opening five days a week, let alone six.

Safeway Stores, Inc., with 183 meat-selling retail outlets in the San Francisco Bay area, was opposed to closing. And in the face of a union warning that Safeway stores would be picketed if the meat counters attempted to operate on Monday, Safeway went to court.

• **Gets Court Order**—Temporary injunction headed off the pickets and restrained leaders of Local 115, Amalgamated Meat Cutters & Butcher Workmen (A.F.L.), from calling a strike against Safeway. The court order didn't make the butchers go to work last Monday, but the absence of pickets made it possible for Safeway to operate the other departments, all unionized, without interference.

Safeway has a contract with the union which is effective until Sept. 3. Under a clause permitting wages and hours to be reconsidered on 30 days' notice, the union reopened the contract last month. All the markets, including Safeway, agreed to substitute a 42-hour week for a \$64.50 wage for the existing 49-hour week at \$62.

The union's proposal that markets closed on Mondays was accepted by independent markets.

• **Offered Swing Shift**—Safeway, however, contended that it was not a legitimate subject for collective bargaining and more specifically that the reopening clause of the existing contract makes provision for discussion of such a subject. Safeway offered to hire what additional butchers were necessary to swing shifts to keep the stores open five days while butchers worked five, this was unacceptable to the union.

The court found that the union

## Mackenzie King Starts 20th Year as Prime Minister

For William Lyon Mackenzie King, Canada's slow motion new dealer, June 10 is an important date. Then he begins his twentieth year as Prime Minister. No other elected chief of state has held office so long.

Vigorous and hard-driving at 71, King will not again seek office. He plans to retire before 1950, to write the history of Canada, taking the last 50 years as his field.

• **Studied in U. S.**—Mackenzie King has spent most of his life in public service. After postgraduate work at Harvard and at the University of Chicago (where he studied social problems under Jane Addams at Hull House), King exposed Toronto's slums, where he found sweatshop production of postmen's uniforms.

In 1900, the postmaster-general called upon King to organize a labor department, then to edit the Labor Gazette, finally to become deputy minister of labor. In 1908, he became Canada's first Minister of Labor.

• **Rockefeller Aide**—Out of office after the 1911 Liberal defeat, King became director of industrial research for the Rockefeller Foundation, tackled the ten-year-old strife at Rockefeller-owned Colorado Fuel & Iron Co. mines, and produced the Rockefeller employee representation plan, which became a model for American company union plans. During the first World War, King drafted labor peace plans for a half-dozen big U. S. war plants.

In 1944, King sponsored a new labor code, a Wagner Act for Canada, drafted by Bryce Stewart of the Rockefeller-founded Industrial Relations Counselors, New York City (BW-Jan. 29'44, p118).

• **Prime Minister**—King became leader of the Liberal Party in 1919, and, two years later, was elected Prime Minister. Except for a few months in 1926 and from 1930-35, he has been Prime Minister ever since.

In two decades as Prime Minister, King has engineered a new deal of his own, championing a cradle-to-grave social insurance system. He has fought high tariffs, fostered Canadian-American economic and defense collaboration at Ogdensburg (1940) and Hyde Park (1941). King, always Secretary of State for External Affairs as well as Prime Minister, has pulled Canada by its bootstraps from an Empire appendage to the rank of a middle power.



• **International Role**—King has advocated, and still fights for, functional representation on international agencies, winning a place for Canada on the wartime food and raw materials boards, on the postwar Food & Agriculture Organization, and the Security Council's Atomic Energy Commission.

In international affairs, King represented Canada as a nation, not as a British Dominion, and has mediated (as at Bretton Woods and the Chicago Air Conference) between Britain and the United States.

King will celebrate the start of his twentieth year in office in London, where he is winding up conversations with other Empire ministers on peace settlement problems.

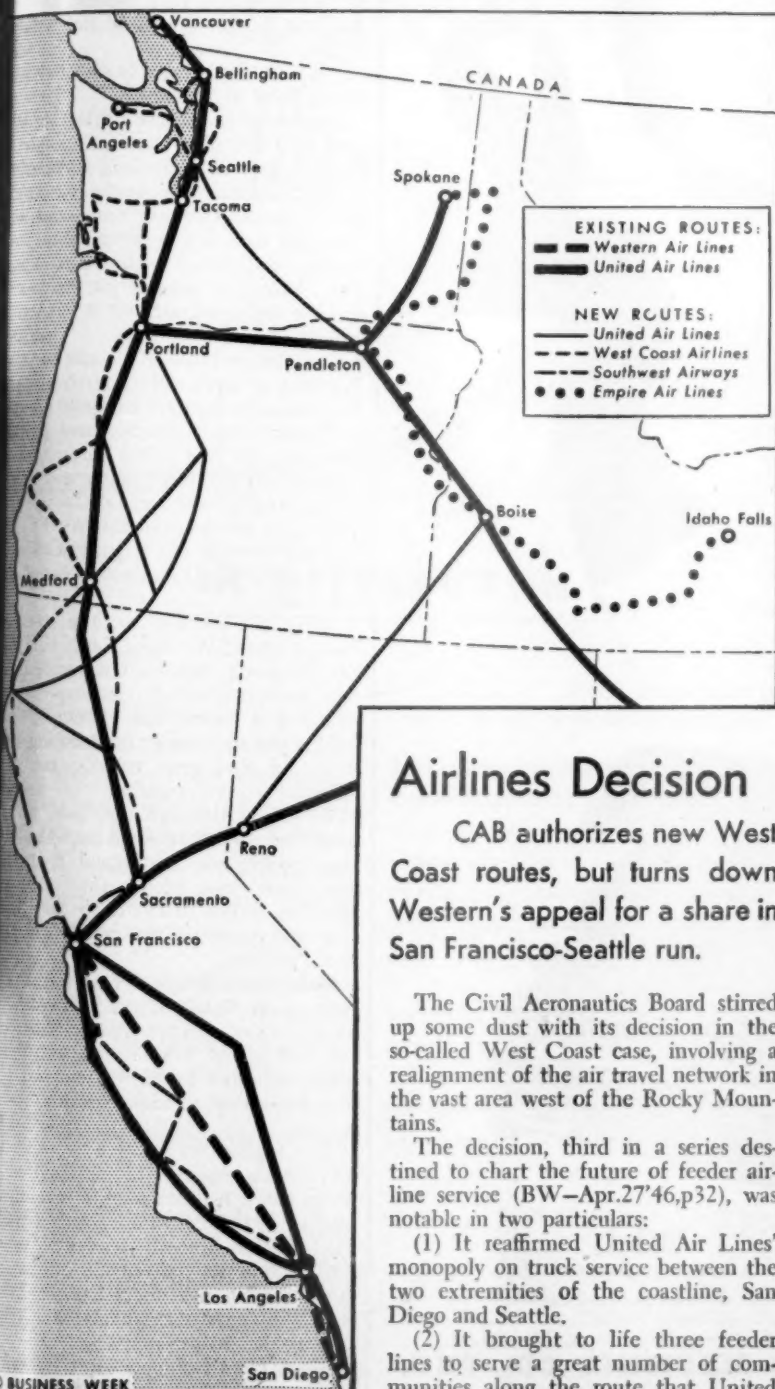


...to exhaust all the remedies (medi-  
ation and arbitration) provided by its  
contract, and granted the temporary in-  
junction against striking. Union lead-  
ers bowed to the restraining order, ab-  
stained from "calling" a strike, but  
union members failed to report for work  
last Monday.

**Trouble at Olympia**—In other spots  
along the Pacific Coast, there have been

flurries of union activity directed at six-  
day operations in retail trade. At  
Olympia, Wash., the meat counters in  
Safeway's two stores have been idle three  
weeks. Safeway opens the meat depart-  
ments on Monday, but the butchers  
don't report for work. When the butch-  
ers go to work on Tuesday, they find the  
meat departments closed for the rest of  
the week.

## FEEDER FIGHT ON THE WEST COAST



### Airlines Decision

CAB authorizes new West Coast routes, but turns down Western's appeal for a share in San Francisco-Seattle run.

The Civil Aeronautics Board stirred up some dust with its decision in the so-called West Coast case, involving a realignment of the air travel network in the vast area west of the Rocky Mountains.

The decision, third in a series destined to chart the future of feeder airline service (BW-Apr.27'46,p32), was notable in two particulars:

(1) It reaffirmed United Air Lines' monopoly on truck service between the two extremities of the coastline, San Diego and Seattle.

(2) It brought to life three feeder lines to serve a great number of communities along the route that United



### What a boy saw!

A LITTLE English boy—James Watt—watched his mother's kettle boil. The lid tried to jump off. (Had the spout been closed, nothing could have held on the lid.)

In that moment, railroads were born. And not only railroads, but steam power plants of all kinds for serving industry, transportation and utilities.

And as a vital necessity, gauges *had* to be made so that men could *see* the amount of power pressure. As other means of power were invented, gauges naturally followed.

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serves exclusively between Seattle and San Francisco and in competition with TWA and Western Airlines between San Francisco and Los Angeles.

• **New Lines**—Newly certificated lines and the terminal points of the routes they are authorized to serve are:

Southwest Airways Co.—Los Angeles to San Francisco; San Francisco to Medford, Ore. (coast route); San Francisco to Medford (inside route).

West Coast Airlines—Medford to Portland; Portland to Seattle; Portland to Seattle via Astoria; Seattle to Portland, Wash.; Seattle to Bellingham, Wash.

Empire Air Lines—Idaho Falls to Boise; Boise to Spokane.

Southwest and West Coast thus will feed into the main terminal points of United's heavily patronized north-south route. United also was awarded a second San Francisco-Portland route and won the right to link Pendleton, Ore., with Seattle, and Boise, Idaho, with Reno, Nev., making it possible for the line to encircle the economic area it has served exclusively.

• **Consolation Prize**—It's a safe bet that Western, at least, will ask a rehearing of its proposal to launch a competitive service between San Francisco and Seattle. Western also had asked permission to establish circle routes north and south of Los Angeles and around Great Falls, Mont. Its sole prize in the West Coast case was the right of entry into Oakland, Calif., from San Francisco, a scant ten miles west.

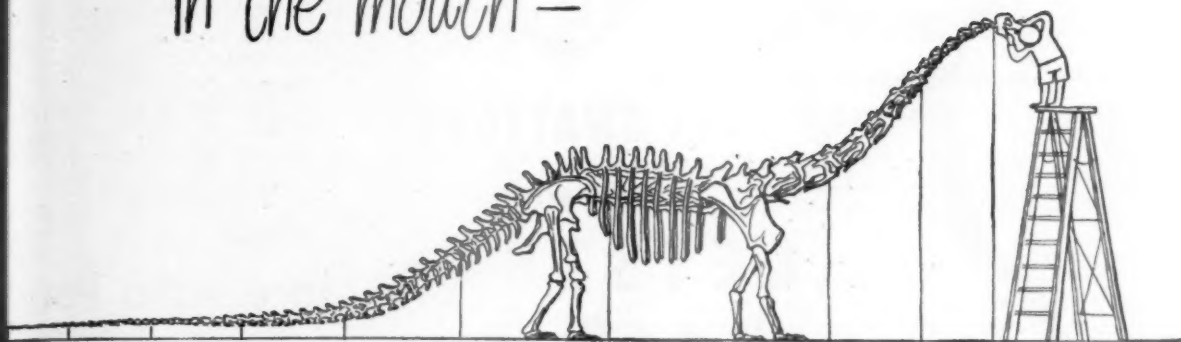
As in the decision on the so-called Florida case (BW—Apr. 27 '46, p. 32), Joseph Lee disagreed with his CAB colleagues on a number of points. He opposed the award of a second San Francisco-Portland route to United, contending that it should have gone to Western as a stimulus to competition; he favored West Coast Airlines rather than Southwest for the San Francisco-Medford coast route; and he argued that Empire should have been permitted to extend its routes eastward to Salt Lake City and westward to Seattle, Tacoma, and Portland.

• **Fisherman's Flight**—West Coast Airlines, with headquarters in Seattle, is another enterprise fathered by Nick Bez, the naturalized Yugoslavian immigrant whose skill as a fisherman won for him the friendship of important political figures.

Bez applied for the feeder routes in 1940, then assigned his application to West Coast Airlines when it was organized in 1941 with himself as president. He declared himself ready to invest \$100,000 in the venture and offered evidence that an investment banking house would underwrite the additional \$500,000 needed to begin service.

• **More Than Influence**—Bez figured in the news last year when another of his

You can look a  
Gift diplodocus  
in the mouth —



## IN PITTSBURGH

It's in Carnegie Museum, with a hoard of other scientific and historical treasures. Carnegie Institute also houses a million-book Library, a world-renowned Art Gallery, a Music Hall. Pittsburghers start researching at the Carnegie Institute when they're only about five years old.



Pittsburgh's Allegheny Observatory tells people how things are going up above. And if you pop into Buhl Planetarium at the right time, maybe you'll see the star patterns that

were in the sky in the diplodocus's time.

If Pittsburgh's fame as the world's heavy industrial center still obscures your view of the city's facilities for a wide variety of research, keep in mind that Mellon Institute of Industrial Research is here. And there are two universities and three colleges whose professors frequently are available for consultation.

Government research here ranges from the work done by the local office of the Department of Commerce to that of the

Bureau of Mines. Several industries do impressive work in their own labs. Commercial research laboratories of many kinds work on a fee basis.



If any part of your business depends upon research, why not locate in Pittsburgh, where research facilities are close at hand? As a service to our city and to you, The Pittsburgh Press will gladly help you with specific information. Write to our Research Department.

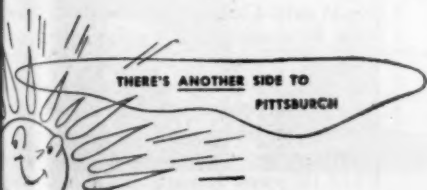


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companies, the Pacific Exploration Co. was granted a loan of \$3,750,000 by the Reconstruction Finance Corp. to finance a floating crab cannery in the Bering Sea (BW—Aug. 18'45, p51).

Political gossip made capital of the fact that Bez pulled the ears when President Truman paused in his tour of the Pacific Northwest last year for a fishing trip with Gov. Mon C. Wallgren of Washington. But Bez demonstrated a few months ago that he has something more than political appeal. He was chosen by the Transamerica Corp. to become chairman of Columbia River Packers Assn., Inc., a Transamerica acquisition which ranks among the top seafood canneries on the Pacific Coast (BW—Mar. 30'46, p56).

• **Possibility**—Bez organized and laid out 15 years ago the routes of Alaska Southern Airways. After three years' operation, Alaska Southern was sold to subsidiary of Pan American.

The terminals of two of his feeders—Bellingham and Port Angeles—are regarded as possessing rich potentialities. Either terminal could serve as a point of departure for the Orient via the great circle route.

## More Auto Parts

Output of replacement units in 1946 may be double that of 1941. Aging vehicles created a huge demand.

Production of automobile and truck replacement parts has gained momentum steadily during the past few years, serving somewhat to balance the unfavorable output of original parts by new-car assemblies and the present pessimistic outlook for auto production (BW—Jun. 1'46, p26).

• **Far Ahead of 1941**—An analysis by the Automotive & Aviation Parts Manufacturers, Inc., Detroit, indicates that \$972,700,000 in replacement parts were produced in 1945 for civilian use, contrasted with \$596,200,000 in 1941, the highest prewar production year. The current year's total may double that of 1941, the study states.

The intense demand for replacement parts is caused by increasing age of motor vehicles on the road, rather than mileage traveled. In 1941 the average vehicle was 4.77 years old; in 1945 it was 7.28 years.

• **Wants Ceiling Removed**—Accelerating requirements for replacement parts led to purchases last year of \$19.65 in parts for the average car and \$98.25 for the average truck, not counting installation labor charges. In 1941, the comparative figures were \$11.02 and \$55.10, even though travel was more

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miles greater, on the average, than year.

Capacity and sales potentials in industry today are estimated more double the 1941 levels.

The study further points out pipelines from factories to dealer distributor outlets are full today, that retail stocks are balanced, those reasons, and in the light of substantial production capacity created during the war, the association petitioning OPA to eliminate price ings on replacement parts.

## INSURANCE TAX UPHELD

The U. S. Supreme Court, which years ago upset a 75-year-old prece by decreeing that insurance is busi in interstate commerce (BW-Ja '44,p18), has now ruled that state latures have the right to regulate interstate commerce.

The State of South Carolina, the court unanimously ruled this we within its rights in taxing the local premium receipts of out-of-state in ance companies on a different bas that used for its "home" compan

Rejected entirely was the plea of dential Life Insurance Co. of Ame one of the Big Five life comp which for some time (BW-Apr.1 p73) has been actively fighting the position of similar levies by va states. Prudential contended that regulation is inconsistent with C gress' unexercised power over comm and therefore unconstitutional.

In another 6-to-1 decision the e ruled that a California law regula the solicitation and sale of insur policies in that state is "legal" and not, as claimed by objectors, const a burden on interstate commerce.

## LCT ROUTE APPROVED

Inauguration of water carrier ser employing converted LCT and L landing craft, carrying 60-ton cargo bers, on the intracoastal canal from Mobile to Corpus Christi, and on the of Mexico from Corpus Christi Brownsville, has been authorized by Interstate Commerce Commission.

The project was launched by Bintliff brothers, David C. and Ch D., of Houston, operating as Gulf Lines, Inc. (BW-May12'45,p11). ICC certificate includes operation connecting waterways, except the Mississippi River above New Orleans, the Trinity above Liberty, Tex.

The Bintliffs contemplate opera initially of seven of the landing o four between Mobile and Houston, between Galveston and Brownsville, two between Houston, Galveston, Lake Charles, La. Each is to make t round trips a month, and each can





## *"He turned the heads of Congressmen"*

words are those of Rufus Choate, spoken in 1840. For in the rotunda of the Capitol at Washington, Clay, Calhoun and Webster were gazing in amazement at the machine, turned by a copy-lathe. Standing by was Thomas Blanchard, the inventor, holding a model of his machine. He was seeking a renewal of his patent, and Webster saw that the ordinary lathe then in use, Blanchard's lathe had the means of turning irregular shapes, and since 1819 it had been proving its usefulness on gun-stocks, shoe-last and wheel-spokes.

Today all lathes, grinders, drills, boring mills, punches depend for their speed and accuracy upon anti-friction bearings. Many of these bearings are made by SKF... for over a long period of years SKF has applied its engineering skill to the development of ball and roller bearing units which meet almost every possible requirement of the machine tool industry. With such long and diverse experience, an SKF representative is the best man to help you select

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Complete details on how to use Santocel in your particular coating operation... or details on Santocel superiority for flattening agent for varnishes, lacquers or synthetics, are yours for the asking. Address: MONSANTO CHEMICAL COMPANY, Merrimac Division, Everett Station, Boston 49, Massachusetts.

SANTOCEL: Reg. U. S. Pat. Off.

\*If you don't make but only use coatings that are sometimes tacky, clip this advertisement and hand it to your supplier.



## WELLAND CANAL PLUGGED, UNPLUGGED, PLUGGED...

A Canadian government tug tows the Great Lakes freighter *Goderich* (Canadian Steamship Lines) out of a Welland Canal lock, where it had been forced stranded for 25 hours, blocking all traffic. Canadian Seamen's Union removed a crew of strikebreakers and the captain refused to allow strikers move the vessel. Next day, another freighter was boarded in the canal and stranded. The company has ignored a union truce proposal, and failed to show up at scheduled conferences with Labor Dept. officials in Ottawa.

twelve of the low-slung twelve-wheel trailers. The trailers will not move beyond the limits of the port terminal areas, and shippers and receivers will have to load and unload them.

In overruling the protests of existing railroads and watercarriers, the ICC said that adequate rail service is of itself no bar to certificating a water carrier.

## CHRYSLER PAYS WISCONSIN

Chrysler Sales Corp. sent the state of Wisconsin a check for \$5 last week in payment for permission to do business within its borders. In so doing, Chrysler abandoned an eleven-year legal contest and acknowledged the state's power to license its operations.

As the Wisconsin statute reads, revocation of such a license would close the state to Chrysler or any other auto maker. Purpose of the act, passed in 1935 and strengthened in 1945, is to enable dealers or the public to file complaints and obtain hearings on a company's policies. The license system, in theory, gives the state a club with which to enforce remedial action.

So long as licensing was vested in the State Banking Commission, Chrysler's refusal to pay was overlooked. Events headed for a showdown after the licensing job was passed to the Motor Vehicle Dept., which initiated court action.

Interest outside of Wisconsin is heightened by the fact that the state's laws have been copied by other states.

## FM TESTED FROM PLANE

Because high-frequency radio waves travel in a straight line, the coverage of an orthodox frequency modulated and television transmitter is virtually limited by the horizon. Last year Westinghouse Electric Corp. had an idea for increasing the coverage of stations by placing transmitters in a cruising plane (BW—Aug. 11 '45, p. 94).

This week Westinghouse put its StratoVision plan of FM broadcasting the test. A Navy plane, used while special Martin job is finished, flew from Baltimore to Detroit. Westinghouse engineers at station KDKA in Pittsburgh picked up signals from the plane when it reached Martinsburg, West Va., roughly 126 miles away and maintained contact until the plane was about 120 miles northwest of Pittsburgh. Engineers in Baltimore heard the plane's signals almost until it reached Pittsburgh. In normal television broadcasting, coverage is about 50 miles.

Westinghouse expected that its StratoVision plane, flying at 30,000 ft. altitude, might cover an area of about 400 miles. But first tests were conducted at only 20,000 feet.

Besides extending coverage, high-frequency transmitting saves power. Information on this and other engineering aspects of the experimental operation will be issued in about two weeks. Other flights with improved equipment are scheduled for the near future.

# PRODUCTION

## Auto Design for 1950 Forecast

Engineers are looking forward to hydraulic steering, rubber springing, supercharging, and higher compression ratios. Demand for greater fuel economy is expected to increase.

Supercharging, higher compression ratios, independent wheel suspension, hydraulic steering, and rubber springing are significant possibilities for 1950 which were discussed at the summer meeting of the Society of Automotive Engineers this week at French Lick, Ind. Fuel economy, increasingly important because of prospects for higher gasoline taxes as well as higher prices for gasoline itself, also was a topic of wide discussion.

Motor fuels rated at 86 octane for premium grade and 80 octane for regular grade are already available, and it was pointed out that compact V or opposed engines using 8.5 compression ratios and operating on fuels in the 100 octane

range would show good fuel economy, which could be further improved by progress in more efficient transmissions.

• **Problems in Design**—High compression engines pose problems in design, because greater structural rigidity is required, bearing loadings are higher, combustion chambers and ignition systems must be redesigned, and cooling conditions may be critical. With supercharging, problems in rigidity also will be encountered, and in addition, blower location and carburetion require study. Also supercharging increases temperature of all engine parts exposed to the burning mixture, and spark plug conditions may be troublesome. Valve steels



## \$50,000,000 FOR SCIENCE AND COMPETITION

and now plans of the ever-expanding Ford empire include a \$50,000,000 research and engineering center, still in the mockup stage. Buildings will group around a seven-acre artificial lake on a 500-acre tract a few miles west of the Dearborn works. The dome-shaped structure (foreground) is the engineering exhibit building, with a styling plant at left and a school at right. Across the lake is the administration and main engineering building. The cross-shaped office (top left) will house 32 dynamometer cells of 200-hp. capacity and two cells of 500-hp. capacity. All styling, designs, testing, and process engineering for Ford, Mercury, Lincoln, and Ford truck divisions will ultimately emanate from this center, which will be completed in about eight years.



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Maybe here's an idea that will work for the improvement of your product or operation. Why not learn the details? Union Metal's skills include all phases of steel fabrication—design, engineering, production. Write today to The Union Metal Manufacturing Company, Canton 5, Ohio.

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## Europe Demands Economy

Design of European automobiles, governed by national policies, economics, and living standards, is continuing its trend toward small, streamlined vehicles featuring economy. Improvements in body design, particularly the application of aerodynamic principles to reduction of wind resistance, are giving European cars greater fuel mileage and in some instances performance comparable to that of American automobiles.

• An example of design trends is the French Mathis, a three-wheel car with a one-piece aluminum-alloy body and chassis, and a 15-hp. two-cylinder opposed engine giving speeds up to 50 mi. an hour. Fuel mileage is reported as 94 mi. a gal.

Increasing attention is being given to designing European cars weighing around 1,000 lb. In many parts of Europe a 2,000-lb. car is expected to be the top limit for all except the wealthy few.

• In England 78% of potential car buyers must have the utmost in economy, 15% must make close studies of operating costs, and only about 7% are able to buy cars on the basis of preference and performance, according to Motor magazine published in London.

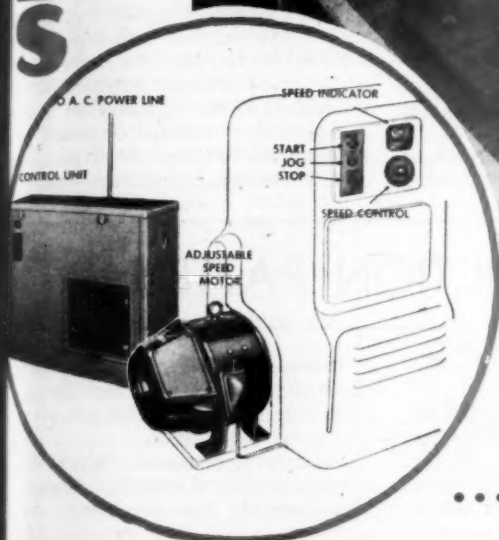
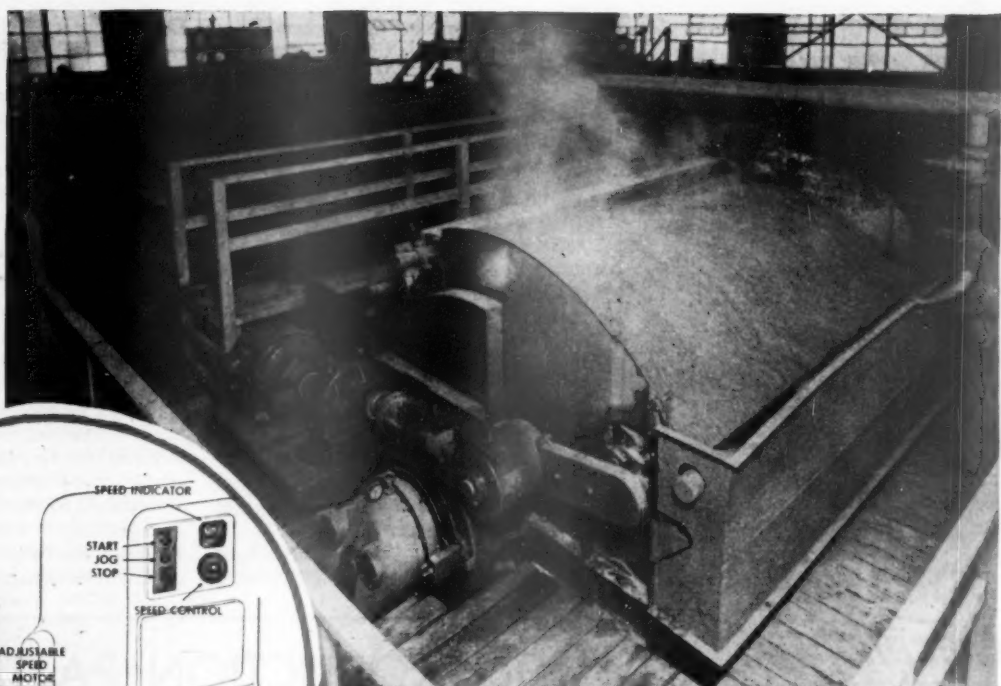
for high temperatures must be developed, but investigation of exhaust valve design might result in reduced temperatures.

Small light five-passenger cars to be equipped with rubber torsion springs independent wheel suspension, and hydraulic steering were discussed. Rubber torsion springs consist of rubber cylinders bonded internally to central shafts and externally to outer shells. Either shaft or shell is held stationary and the other member rotated by the wheel support arm. The proposed front suspension utilized single-wheel support arms mounted on the outer member of the rubber springs.

• **Leveling Device**—Hydraulic steering consists of two balanced hydraulic circuits. One circuit serves as a hydraulic "tie-rod" between the two front wheels; the other provides a pump circuit. Both systems are kept under a minimum pressure by a spring-loaded reservoir. In addition a hydraulic constant level mechanism is applied to all four wheels to maintain desired chassis height regardless of load or of movement of wheels and springs.

A note of caution against radical design was sounded by R. E. Bingham, industrial designer, who said that public

SPEEDS



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press a button—and talk! Instantly, clearly,  
your voice is carried to the person you want  
to reach. His words come back naturally and  
distinctly. It's as easy and personal as an  
across-the-desk conversation.

EXECUTONE reduces inter-office traffic...  
frees your switchboard for important outside  
calls...speeds up production all along the  
line. The coupon below will bring you the  
whole story.

## UNCONDITIONALLY GUARANTEED

Over 90,000 guaranteed installations are  
your assurance of trouble-free performance  
and dependability. EXECUTONE Systems are  
individually engineered to your require-  
ments. Installed and serviced by factory-  
trained specialists in principal cities.

Two stations cost as little as \$68.  
Systems with up to 100 stations, are available.

**Executone**  
COMMUNICATION & SOUND SYSTEMS

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415 Lexington Ave., New York 17, N. Y.  
I am interested in data on EXECUTONE.

☐ Please send literature.  
☐ Have representative call. No obligation.

Name \_\_\_\_\_

Firm \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

enthusiasm for new designs should not  
be confused with desire for possession.  
He cited the example of proposed de-  
signs in which the hood was eliminated.  
These were unacceptable because the  
public is accustomed to the negligible  
protection and false security of a hood.  
• **Better Trucks Wanted**—Considerable  
attention was paid to truck design at a  
special symposium. Commercial op-  
erators proposed that trucks be designed  
for 1,000,000-mi. service. The operators  
want standardized models, interchange-  
able parts, improved brakes, and easier  
riding qualities. Maintenance prob-  
lems must be reduced. A 1,000-mi.  
lubrication requirement, for instance,  
puts the average truck out of service  
ten times a month. It was also sug-  
gested that trucks and trailers should  
have interchangeable parts, as well as  
more dependable accessories.

According to representatives of  
United Parcel Service, 39% of road

failures are caused by electrical equip-  
ment failure, 14% by tires, and 13%  
by fuel systems.

• **New Materials**—The design implica-  
tions of new materials and techniques  
came in for a good deal of discussions.  
For example, the new "H" controlled  
hardenability steels and the wartime  
triple-alloy steels.

Wartime development of a technique  
for furnace-brazing of aluminum was  
described. More than 5,000,000 lb. of  
brazed material shipped during the war  
included aluminum radiators, super-  
charger intercoolers, and other essential  
parts. Aluminum radiators have been  
approved by the Army after exhaustive  
tests. Vibration tests with supercharged  
intercoolers were said to have demon-  
strated that aluminum construction has  
a resistance to disintegration better than  
double that of soldered copper.

• **Aluminum Bearings**—Antifriction and  
corrosion-resistance qualities found in

## THE PRODUCTION PATTERN

### Reducing Unit Costs

Recent announcement by SKF In-  
dustries, that the company was  
adapting automotive high-production  
methods to railroad journal box man-  
ufacture to increase output and re-  
duce unit cost, should focus, more  
sharply than ever, industry's atten-  
tion on the basic problem of increas-  
ing productivity.

SKF's new methods utilize auto-  
matic conveyors to replace laborious  
and time-consuming handling. Pro-  
duction machinery is arranged along  
the line. All the equipment used is  
standard, adapted to journal box  
manufacture. In connection with this  
layout, coordinated production plan-  
ning is used.

Essentially what SKF is doing is  
applying a well-known technique  
to an improved design of product.  
But the important point is that out-  
put at the minimum annual rate will  
be enough to equip 1,250 to 1,500  
railroad cars. Mass production thus  
replaces job-lot manufacture.

Another recent example is that of  
a manufacturer who placed a special  
automatic seam welder in a refrigera-  
tor production line previously  
thought to be competitively as good  
as any in the industry. The machine  
makes ten welds simultaneously. The  
production ratio of this \$30,000 ma-  
chine over a standard machine is 65  
to 34. In another case at the same  
plant, a standard spot welder making  
180 welds a minute was replaced with

a four-wheel welder, which with  
slight changes in design and timing  
produced 2,400 spot welds per minute  
on the same work.

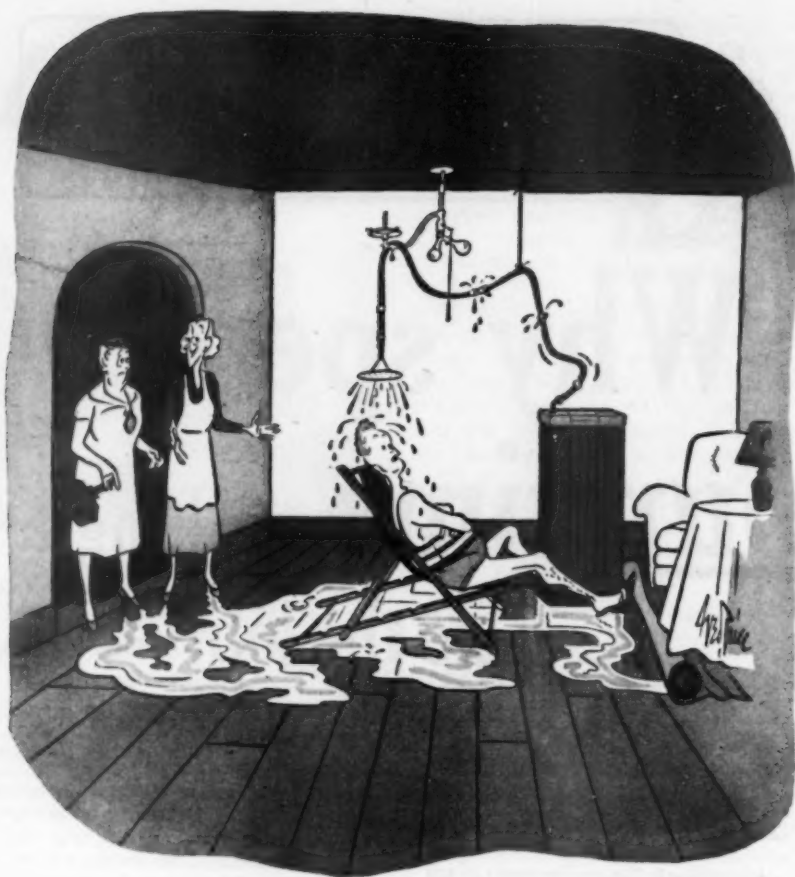
Examples of increased productivity  
through the use of improved produc-  
tion methods and machinery are  
numerous indeed. The manufacturer  
squeezed between rising costs and  
more or less fixed selling prices will  
have to analyze production carefully.  
Does the answer lie in adopting well-  
known, established techniques? Are  
automatic machines the solution?  
Perhaps entirely new processing  
methods such as induction heating  
will help. No manufacturer can af-  
ford to neglect the potential effect  
of production improvements on his  
unit costs.

### Other Weapons Available

Increasing productivity through  
production line analysis is only one  
of the basic means by which cost  
can be reduced. Other means in-  
clude product redesign, studied from  
the viewpoint of materials and  
method of manufacture; elimination  
of waste through quality control; im-  
proved plant layout and working  
conditions; worker training and super-  
vision. But of all these, increasing  
productivity through better tools,  
improved methods, or more adapta-  
ble materials is usually the most ef-  
fective, particularly where labor costs  
represent a high percentage of the  
unit cost of the product.



346



"Yeah, I know—but he says 2¢ a day to run the G-E Water Cooler is cheaper than going to the beach."

## Heard in the best of offices:

They're saying "the boss is a swell guy" since he installed that G-E Water Cooler. It really gives a flip to employee morale to have fresh, cool water in an easy-to-get-at place.

G-E Water Coolers cost an approximate average of *only 2 cents a day to operate!* They last for years and years with their stainless steel tanks, their sturdy, quiet G-E motors. And, of course, every G-E Water Cooler is backed by a G-E warranty.

Look in your Classified Telephone Directory under "Water Coolers" for your nearest G-E Dealer. He'll tell you how soon he'll be able to deliver a G-E Water Cooler to you.

*General Electric Company, Air Conditioning Dept., Section 6866, Bloomfield, New Jersey.*

**GENERAL  ELECTRIC**  
**Water Coolers**



or stainless steel thermometers. These are a trifle larger than the glass variety measuring 2 1/2 in. in length, have a 1/2 in. diameter.

## STANDARDIZED TURBINES

Steam turbines, custom-built for years, are now being produced in standardized models, following recommendations of a committee representing the American Institute of Electrical Engineers and the American Society of Mechanical Engineers.

The first of the standardized units is being manufactured by Westinghouse Electric Corp.'s South Philadelphia Works for the Riverview plant of the Southwest Public Service Co. at Borger, Tex. It will have productive capacity of 30,000 kw.

Six sizes of turbines recommended by the A.I.E.E.-A.S.M.E. committee range in output from 11,500 kw. to 60,000 kw. and are sufficient to provide power for cities of 10,000 to 50,000 population.

Advantages expected to accrue from standardization include (1) speeding of production and delivery, (2) lowering of manufacturing costs, (3) simplifying of repairs and servicing, and (4) diverting of efforts from custom design to developmental research.

Westinghouse emphasizes that the standardized production will not hinder manufacture of custom turbines for special purposes. Neither will it prevent duplication of turbines already installed.

## SILICONE LUBRICANTS

Silicone oils (BW—Dec. 9 '44, p. 70) may provide the answer to aviation peacetime search for an instrument lubricant that will not evaporate in extreme heat and will still flow in sub-zero stratosphere temperatures.

Recent tests at Westinghouse Electric Corp., at Pittsburgh, convinced scientists that the performance of delicate aircraft instruments, in a bath of silicone oil, actually improved under conditions of extreme heat and cold.

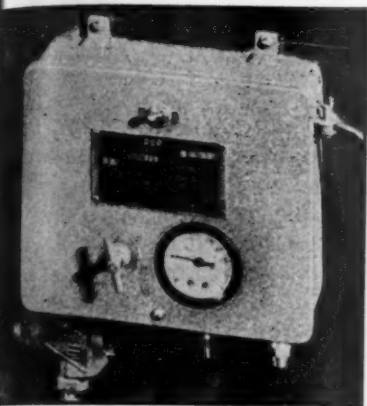
The silicones' properties of inertness and heat resistance seem to be due to their silicon-oxygen-silicon molecular structure which provides characteristics similar to those of quartz, glass and asbestos. The silicones are now available as oils and greases, resins, paints and as rubberlike elastomers, all of which possess high heat resistance, excellent electrical properties, and resistance to acids and alkalis.

Use of synthetic oils, Westinghouse scientists say, makes possible the elimination of costly standby heating which has been necessary in extremely cold weather. The oils also protect ball and needle bearings in tropical climates.

## NEW PRODUCTS

### Electro-Pneumatic Converter

Standard machine tools and fixtures can be converted to automatic production units with the electro-pneumatic control developed by Electro-Air Devices Co., 2811 W. Fletcher St., Chicago 18. The control is a compact,



lightweight unit which includes a step-down transformer, micro switches for machine and fixture contact, a pressure regulator, stainless steel solenoid valves, and a pressure gage. These parts are housed in a gray crackled enamel finished steel case. The control can be used with any standard air cylinder.

### Dip for Dyeing Plastics

Thermoplastic materials, such as vinyls, polystyrenes, and methacrylates, can be dyed at room temperatures using a new plastic dip solution developed by the International Printing Ink Division of Interchemical Corporation, 350 Fifth Ave., New York 1, N. Y. Rods, sheet, flake, or finished plastic products can be treated, and it is said that the color becomes integral with the piece, and that the process does not change physical properties of the plastic.

### Noncorroding Water Heaters

Because electrolytic corrosion, particularly in acid-charged water areas, will attack even special alloy hot-water tanks, the McGraw Electric Co., 5200 W. 55th St., Chicago, has perfected the "lonodic" system for the new Clark electric water heaters. The system utilizes a rod of pure magnesium inserted into the tank. The magnesium rod, in combination with the steel tank, and in the presence of water, forms a galvanic battery. The current produced causes the magnesium to go into solution and protect the steel.

Although the basic principle is not new, this development incorporates a



**I**N PACKAGING the idea is to hit her right between the eyes!

When American women—who buy  $\frac{3}{4}$  of all goods sold at retail—enter a store—surveys show that they make  $\frac{3}{4}$  of all their buying decisions *right there*—on impulse—selecting from articles they see!

There, your packaged product—among competing packaged products—must attract their attention.

Never underestimate the power of the package.

Never forget that women do buy on

impulse. The package that attracts the eye, arouses interest—and makes a better impression of quality within than the others—wins sales.

★ ★ ★

LET RITCHIE WORK WITH YOU to develop a better package at low unit cost. One that will instantly identify, fully protect and conveniently dispense your product—practical—production-planned—easy to fill or pack—to handle, to stack and display—but above all designed for eye-appeal, for quality impression—a package that sells!

**Never Underestimate the Power of the Package!**

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- FIBRE CANS
- TRANSPARENT PACKAGES

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Congress has acted—and along these lines—since this editorial was written. If the President signs the legislation, we have taken one step forward. If he vetoes it, the voters must resolve a conflict between two branches of their Government.

# THE LABOR CRISIS

## —it's up to Congress

It has remained for John L. Lewis to demonstrate conclusively that, under the sponsorship of the federal government, the power of organized labor has been built up to a point where it can be used to paralyze the economic life of the nation. Therefore, in the elemental interest of self-preservation, the first order of the day is to cut down the power of organized labor to a point where irresponsible leaders no longer have the power to use it to cut down the country.

This will prove an exceedingly complicated job. The federal government, over a dozen years, has developed and buttressed the power of organized labor by many separate steps. They are interlaced in a pattern which cannot easily be unravelled.

Cutting down the power of organized labor to proper proportions will be an operation almost as delicate as brain surgery. To be successful it must impair no basic American political or economic right. It must leave intact the right of workers to organize and bargain collectively through representatives of their own choosing. It must leave intact the right to strike. But it must disassociate from the exercise of these rights opportunities for devastating abuse of the public welfare such as those demonstrated by Mr. Lewis. A meat axe is not the instrument for this operation.

Because of the complexity and delicacy of the operation to be performed it would be helpful if it could be carried out in a tranquil atmosphere. The urgency of the problem is such, however, that no time can be lost in getting at it.

### Guiding Principles

However, the dangers that haste or heat will lead to serious blunders can be largely eliminated if the process of bringing the power of organized labor back within safe and reasonable bounds is governed by principles to which all fair minded people can fully subscribe.

*The most important of these principles is that it is an abuse of public authority to extend special privileges to organized labor.*

When in 1935 Congress passed the Wagner Labor Relations Act, one of the great buttresses of the power of organized labor, it was upon the explicit

theory that organized labor was weak and needed coddling by the federal government if it were to survive, let alone grow big and strong. In the preamble of that act it was stated that "the inequality of bargaining power between employees who do not possess full freedom of association or actual liberty of contract, and employers who are organized in the corporate or other forms of ownership association substantially burdens and affects the flow of commerce . . ."

Regardless of whether or not that was a correct reflection of the situation in 1935, it bears no relation to the situation today. Under the continuous sponsorship of the federal government, the power and bulk of organized labor has waxed until today it is preposterous to regard it as the weak sister in its bargaining with employers. If, after being continuously demonstrated since V-J Day, the proposition that the pendulum of organized power has swung too far over on the side of organized labor needed any final and clinching demonstration, John L. Lewis provided it.

### Changes in the Law

Translation of the principle that organized labor is no longer a weakling, requiring a diet of special privileges, into specific legislative enactments is a detailed technical operation beyond the scope of this statement. It is possible, however, to indicate some of the general lines it should follow. Here they are:

1. The duty to bargain collectively, now imposed upon employers by the Wagner Act, should also be imposed upon the leaders of organized labor who are now under no legal compulsion to bargain.

For well over a month Mr. Lewis made a complete mockery of the process of collective bargaining by refusing even to state his demands until the coal operators had approved "in principle" a plan for a miners' "health and welfare" fund which he fancied. In the meantime the country was plunged into an ever deepening crisis.

2. Unions, as well as employers, should be made liable to suit for damages for breaking their collective bargaining agreements.

A degree of responsibility commensurate with

their age and power requires that unions be able, to the extent of union funds but not the hands of individual members, for carrying out their agreements. To have it otherwise is to hold that a collective bargaining agreement is, by definition, a phoney agreement so far as the union is concerned. Outlaw strikes are the fruit of this up-sided arrangement.

Employers should be given more discretion in stating employees who have gone on strike than now permitted by the Wagner Act.

The Wagner Act largely eliminates the risks involved in striking because of the requirements it imposes upon employers to take workers back when they have decided to return to work. These requirements make it virtually impossible for the employer to replace workers even if they are engaged in the most unjustifiable of strikes. At the least workers who have smashed up property and stirred up violence in the course of a strike should have no rights under the Wagner Act. How much further the Wagner Act strait-jacket should be loosened at this point should be carefully explored, and excesses encouraged by the Act should be removed.

The wedge which the National Labor Relations Board has driven into the orderly conduct of American industry by holding that foremen are covered by the Wagner Act should be eliminated.

The issue involved here is continuously mislabeled and confused as that of the right of foremen to organize. There is no question of the right of foremen to organize any kind of a legal organization they desire. That is their right as American citizens. The issue is whether or not the special privileges accorded by the Wagner Act, which in some circumstances has been so construed as even to prevent employers from talking with their workers, should be extended to foremen who, if American industry is to have a chance to do its duty effectively, must represent management with full loyalty and responsibility.

A member of John L. Lewis' United Mine Workers takes an oath which provides, in part, "that I will not reveal to any employer or boss the name of anyone a member of our union" and will "defend on all occasions and to the extent of my ability the members of our organization." Mr. Lewis insists that the coal operators contract to deal with foremen to be organized in a union where they will take that oath, and where their activities will be separated from the influence of employers by the barriers imposed by the Wagner Act. Such an arrangement undercuts orderly management of American industry.

6. The exemption of labor unions from the federal anti-trust laws, provided when organized labor

was presumed to be weak, should be modified to take account of its vastly increased strength, and the use of this strength to destroy business enterprise and create monopoly.

As matters stand unions can run employers completely out of business by secondary boycotts and run fellow workers out of jobs in the process. An Ohio manufacturer, working with a government-certified C. I. O. union, is put out of business because A. F. of L. workers refuse to handle his products. Still the government, this time in the person of the United States Supreme Court, says that actions of this sort are above the law because Congress exempted unions from the federal anti-trust laws.

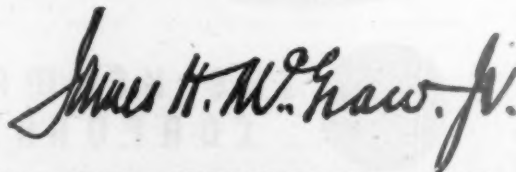
To eliminate one of the most devastating forms of restraint of trade, this exemption should be cut down forthwith by subjecting unions imposing secondary boycotts to the same penalties under the federal anti-trust laws as those to which employers doing the same thing are subjected. And the question of further narrowing the obsolete exemption of unions from the federal anti-trust laws should be fully explored.

6. The levying of special sales taxes for the exclusive benefit of unions should be prohibited by law.

As a matter of good government the right to levy consumption taxes should be reserved to the public authorities and used strictly for public purposes. As a matter of good economics, payments to workers or their organizations should be included in the payroll where they can be properly counted as part of the cost of production.

### Equality Before the Law

When everything that can conceivably be accomplished by legislation has been accomplished there is no reason to believe that an ideal or even a surely workable system of industrial relations will have been devised. Many of the mainsprings of such a system lie deep in the hearts of men and far beyond the reach of legislation. There is no chance, however, of having such a system, or even a defensible system of democratic government until special privileges which tip the scales of power far on the side of organized labor are withdrawn and there is some measure of equality for employers and organized labor before the law. Though it is hard to believe it at the moment the country may come to be grateful to John L. Lewis for driving that lesson home so ruthlessly.



President, McGraw-Hill Publishing Company, Inc.



**PENICILLIN SPEEDS CURE OF COLDS---**



**I**N THESE DAYS of extreme production difficulties . . . in trying to catch up with back orders . . . nothing is more important than to keep every employee on the job. Unnecessary absenteeism just can't be tolerated!

Installation of Herman Nelson Heating and Ventilating Equipment will help reduce absenteeism — yes, help speed production too — by providing more healthful, comfortable working conditions. This is true whether your business is industrial or commercial.

But that isn't all. Thousands of satisfied owners all over America have found that Herman Nelson Products maintain desired air conditions with maximum dependability and economy. Their experience . . . like that of Architects and Engineers during the past 40 years . . . has proved conclusively that you can't buy better unit heaters, unit ventilators, propeller or centrifugal fans than those bearing the Herman Nelson nameplate.



**Herman Nelson  
Propeller-Fan Type  
Unit Heater**



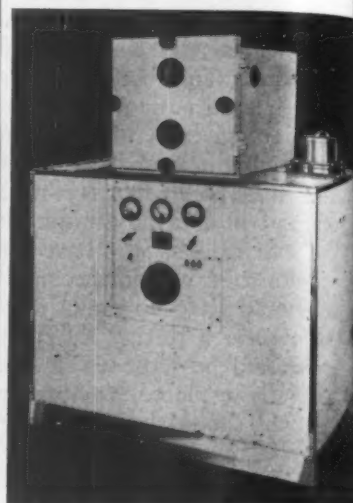
**THE HERMAN NELSON  
CORPORATION** MOLINE  
ILLINOIS

**FOR 40 YEARS MANUFACTURERS OF QUALITY HEATING AND VENTILATING PRODUCTS**

resistance between the magnesium and the steel to limit current flow and to retard the rate at which the magnesium is consumed.

### "Package" Dehydration Unit

Designed for experimental or plant production in the food, chemical, pharmaceutical, and other industries, the type 3501 dehydration unit is produced by National Research Corporation, 100 Brookline Ave., Boston, T.



pumping system consists of a 2-in. diffusion pump backed by a 12.5-cf.-per-min. mechanical pump. All controls and gages are located on a central control panel. The drying cabinet measures 16x16x24 in., and all mechanism is enclosed in a housing finished inside and out with white baked enamel. Top and table top are of stainless steel. Removable panels are provided for servicing, and sight ports permit observation of the illuminated interior.

### Leather Finish

A new enamel called Leatherflex, developed by H. V. Walker Co., Elizabeth, N. J., can be heat-embossed to produce simulated alligator or other texture on low-cost leathers. The leather is first treated with a sealer coat, and then the pigmented lacquer is applied. A two-toned effect can be produced by applying a topping coat, after embossing. The finish is said to be weatherproof and waterproof, and not to peel or crack. It is also said to keep leather soft and pliable, and to prevent sag or stretch.

### Pipe Insulation

Said to stop sweating and dripping from cold water pipes, Mystik Self-Sealing Dri-Pipe is a new insulation which prevents condensation under warm, humid conditions by forming a sheathlike

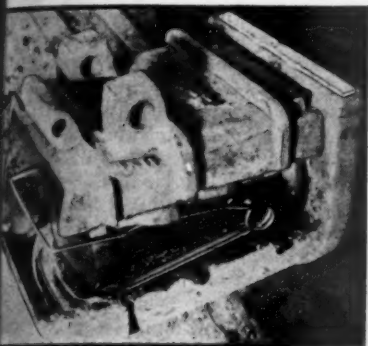


Unit  
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cket around the pipe. Installation is simplified through use of pressure-seal edges on the product. One edge fastened lengthwise on the pipe, and the material is brought around, overlapped and sealed with the other edge. The outer backing is moisture-proof and is coated to prevent dampness from damaging the pliable insulating material, according to the manufacturer, Mystik Adhesive Products, 2635 N. Kilbuck Ave., Chicago 39.

### Journal Box Waste Retainer

The spring-loaded Gorman waste retainer, tested on the Louisville & Nashville R.R., is claimed to prevent waste "grab" and resultant hot boxes, and to



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assist lubrication of the journal through squeezing action which causes oil flow. The retainer, a simple device fitted into the journal box, will be manufactured by Agee Metal Products Co., Birmingham, Ala.

### THINGS TO COME

An oxygen "cocktail" consisting of nine parts oxygen and one part carbon dioxide may prove to be a help in banishing hangovers. The twenty-minute treatment was used during the war by pilots.

• Turkeys will be electrocuted by a new machine that deals death in 5 to 15 seconds at 450 volts.

• Hope for the conquest of beriberi is provided by the development of another process for enriching white rice with synthetic vitamins and minerals (BW-Jan. 5'46,p54). The process, said to be relatively inexpensive, entails preparation of a pre-mix consisting of white rice coated with solutions containing synthetic thiamine, synthetic niacin, and iron. The pre-mix is added in the ratio of one pre-mix kernel to 200 ordinary kernels. The pre-mix is protected against washing losses by an edible, water-resistant film.

**NEW!**  
**DISSTON SAFETY REEL**  
FOR FLEXIBLE-BACK METAL-CUTTING BAND SAWS

An important handling problem solved by a Disstoneer

1. Grip clip between thumb and forefinger of left hand...
2. Pull out band saw with right hand...
3. Cut off length desired...
4. Push clip back to end of saw. The entire operation takes but a fraction of a minute—and it is safe.

Anyone who has ever handled a band saw coil knows that the operation can be as dangerous as uncoiling a snake. With the slightest fumbling the whole roll may suddenly spring to life, go "haywire" and get completely tangled up and injure the operator. The job of coiling it up again is one not soon forgotten.

"Something should be done about it!" A Disstoneer\* said that. Following his suggestion the Disston Safety Reel for flexible-back metal-cutting band saws was developed... changing a difficult and dangerous operation into one that's almost as simple as pulling out a length of metal tape rule... and with equal safety.

### Another clear cut case of Disston leadership

\*DISSTONEER—a man who combines the experience of Disston leadership and sound engineering knowledge, to find the right tool for you—to cut wood, to cut metal and other materials—and TO CUT YOUR COST OF PRODUCTION—not only on special work but on ordinary jobs as well.



The Disston Safety Reel for flexible-back metal-cutting band saws holds 100 feet of band saw. This is enclosed in a tough container which protects the saw and makes storage easy. All widths up to and including 1/2" are supplied on the new Safety Reel.

HENRY DISSTON & SONS, INC., 628 Tacony, Philadelphia 35, Pa., U. S. A.

### MAIL COUPON FOR FURTHER PARTICULARS

HENRY DISSTON & SONS, INC.  
628 Tacony, Philadelphia 35, Pa., U. S. A.

Please send full particulars regarding the new Disston Safety Reel for flexible-back metal-cutting band saws.

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POSITION \_\_\_\_\_

FIRM NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

## Greyhound Starts a New Lap

Bus system passer from its pioneering phase, with new officers taking over just as transcontinental competitor is gathering steam. Rail fares will be another worry. Stock split proposed.

It was a good 32 years ago that a young Swedish diamond-driller, named Carl Eric Wickman, quit his job on the Mesabi iron range and started jockeying a home-made bus over the bumpy roads between Hibbing and Alice, Minn.

Out of that Hibbing-Alice bus line gradually developed the sprawling Greyhound system, far and away the biggest intercity bus operation in existence today. Throughout Greyhound's development, the man who steered it over the bumpy roads of organization and finance has been the same exdriller, Eric Wickman.

Now, Wickman has decided to get out from behind the Greyhound steering wheel.

• **Chairman of Board**—On May 25, Greyhound Corp. directors met in Chicago and quietly voted a series of major shifts in the top management. Wickman moves from president to chairman of the board, which more or less takes him out of any active service in the company.

Vice-President Orville S. Caesar steps up to president.

Ralph Bogan, Wickman's most trusted friend, becomes executive vice-president.

Arthur Hill, who has been heading the opposition to Wickman for the

past few years, goes in as chairman of the executive committee.

• **No Bloody Noses**—Some Greyhound insiders were surprised to see the switch arranged quietly and with no bloody noses on either side. Wickman temperamentally is not the sort to be hustled out of a place before he has finished his drink. In 1944, when he got wind of a budding rebellion, he served notice flatly that he would not accept the chairmanship unless his crony Bogan was chosen to succeed him as president of the company.

At the next meeting, in May, 1945, the opposition discreetly decided not to make a fight of it, and the company's management remained unchanged for the time being.

• **A Change of Attitude**—During the next year, however, Wickman himself softened considerably. Many of his old partners—"Big Andy" Anderson, the blacksmith who started the Hibbing-Alice bus line, "Buck" Travis of Pacific Greyhound, Fred Smith of Dixie Greyhound—had converted their interests into cash or stock and settled down to enjoy a life that was untroubled by bankers, regulatory commissions, or labor relations.

Wickman's citrus farm near Clearwater, Fla., became more and more appealing as winter settled down on Chi-

cago, where Greyhound has its headquarters.

• **Unionization**—There was also the question of unionization. The Amalgamated Assn. of Street, Electric & Motor Coach Employees already could count a majority of Greyhound workers. It had been dealing with the individual companies in the system, but Wickman knew that before long it would be tramping up to his impressive offices in the Board of Trade Building to demand an over-all contract with the corporation.

Taking one thing with another, Wickman decided to compromise. Instead of starting a hammer-and-tongs fight with the opposition, he let Hill take over the executive committee, made sure that his man Bogan got the executive vice-presidency, and accepted Caesar, who has been pretty much neutral in the internal scuffle, as president.

• **An Old-Timer**—Caesar is an old-timer in Greyhound. He joined up in 1925 when Wickman bailed him out of a small bus operation which centered on Superior, Wis. The Greyhound system was just beginning to take shape then, and Wickman combined Caesar's property with the Northland Transportation Co., which had been set up to operate between Duluth and Minneapolis.

Caesar promptly found his niche in the mechanical and maintenance departments, and has been top man in those lines ever since. Among his achievements were acquiring the Tropic-Aire heater for Greyhound and the development of the rear-engine design, now standard for buses.

• **Early Competitor**—Bogan's place on the team goes back to 1916. Just out of Duluth high school, he rode a motorcycle into Hibbing and cast a covetous eye at the revenues that Wickman and Anderson were pulling in on their Snoose (Swedish for snuff) Line. Backed



Orville S. Caesar (left) takes over as president of Greyhound Corp. as Eric Wickman (left center), the Hound's founder, moves up from president to chairman. Wickman wanted Ralph Bogan (right center) to succeed him;

the opposition was plumping for Arthur Hill (right). In the compromise that headed off a management fight, Caesar, a neutral, got the presidency, Bogan became executive vice-president, Hill chairman of the executive committee.

loan from his friend Bill Mc-  
then captain of a lake ore boat  
now regional manager for Central  
Bogdan, Bogan got a bus of his own  
started giving the Snooze Line some  
competition.  
Wickman and Anderson bought him  
and took him-in as partner, the first  
indication of a method that was to be  
again and again during Grey-  
hound's rapid growth.

**Big Holder**—Arthur Hill, regarded  
many of the pioneers of Greyhound  
Johnny-come-lately, is one of the  
best individual holders of stock in  
Greyhound Corp. He built up the  
stable Atlantic Greyhound Lines,  
which runs from Pittsburgh, Columbus,  
Cincinnati to Atlanta and Jackson-  
ville, Fla., with an intermediate net-  
work that blankets the South Atlantic  
States. When Greyhound decided to  
buy him out, around 1932, he was able  
to drive a deal for a basketful of stock  
in the parent company.

Well-groomed and soft spoken, Hill  
long carried the ball as the front  
man for Greyhound as well as other bus  
lines in the country. As president of  
the National Assn. of Motor Bus Op-  
erators, he has been the official Wash-  
ington spokesman for the industry and  
kept in the thick of all the lobbying  
operators have done.

**Plenty of Problems**—The bus system  
the new officers are taking over has  
shed out of its growing pains, but it  
has plenty of problems to face.  
Though by and large the future looks  
bright, there probably will be times when  
Greyhound's management thinks envi-  
ously of Eric Wickman and his Clear-  
water farm.

The Greyhound system today con-  
sists of 15 separate companies, bound  
together by the top holding company,  
Greyhound Corp. Six of the subsidiaries  
are wholly owned; the other nine class  
as affiliates. South-Eastern Greyhound  
Lines, while one of the largest and best  
owned carriers of the Hound name, is  
part of the system. It is a former  
rail property, which uses the running  
Hound emblem, chips in on advertising  
costs, and coordinates schedules, but  
adopts only such Greyhound policies as  
leases.

**Operating Statistics**—In 1945, the  
Greyhound system had 74,373 miles of  
line in operation and ran 371,494,525  
miles over them.

The consolidated net income appli-  
cable to Greyhound Corp. stock came  
to \$9,589,179, or \$3.29 a common share.  
This comfortable earnings figure  
shows how far the Hound has come  
since 1931 and 1932, when the com-  
pany was struggling with the debts that  
its ambitious expansion program had  
landed on it. Receivership papers actu-  
ally were drawn up for some of the  
operating companies, but by soliciting all



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— the Miracle Coating

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Neolac liquid armor *keeps* plants  
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tenance costs *down*. For tough,  
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... protects metal, wood and con-  
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known oil-base paint*.

Right from the start Neolac *keeps*

costs down. For it needs no  
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to 450 square feet per gallon,  
leaves no waste "skin" in its con-  
tainer. *Saves labor, too ... goes on  
quickly, easily (by brush or  
spray), even over most painted  
surfaces; dries in an hour. Black  
• Gray • Green • Clear • Ready-  
Mixed Aluminum.*



● Won't Crack, Chalk, Flake-off

● Low Original Cost

● No Prime Coat Needed

● No Deterioration With Age

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● Air Dries Quickly

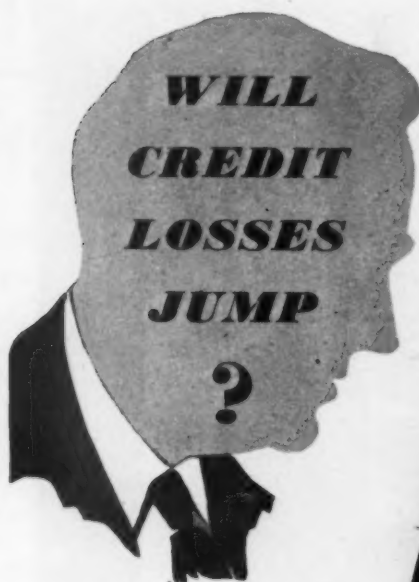
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them up years longer*. See your local  
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maintenance costs down.

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*J. T. Fadden*  
PRESIDENT



**American  
Credit Insurance**  
*pays you when  
your customers can't*

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

its suppliers—printers, bus manufacturers, oil companies—for temporary loans. Greyhound managed to say out of control.

• **Fair to the Rescue**—It was the Chicago Century of Progress exposition (1933 and 1934) that really saved Greyhound from vivisection. John Walker, advertising manager for several of the eastern operating companies, gambled on the fair's pulling power and signed up 2,000 hotel rooms a night for Greyhound customers before the position opened. Then, when Chicago hotels were packed, Greyhound was able to advertise ample sleeping accommodations for all its passengers.

Greyhound buses to Chicago were jam-packed, and the profit didn't show at the gates. Inside the fair grounds Greyhound provided transportation with a fleet of tractor-trailer buses that carried up to 90 passengers each.

• **And a Movie, Too**—The fair was a turning point in Greyhound's fortune, but officials still remember affectionately the release of Columbia Pictures' "Happened One Night" in which Claudette Colbert locked Arthur Hill's hearts on a bus. Arthur Hill protested vigorously at first, but Hound officials soon realized that nothing they ever had done advertised them half so well.

With the financial picture brightening, Greyhound managed a recapitalization in September, 1933. The wealthy holders of the participating preferred stock with accrued dividends were bought off with five shares of new common, and the holders of the old common turned it in at the rate of 20 shares of the old for each share of the new.

Now, at their May 25 meeting, directors of Greyhound have proposed a three-for-one split of the common which is selling just over 50.

• **At Least Two Worries**—Although the outlook now is about as bright as it ever has been, Greyhound officials have at least two things they can worry about whenever they feel a little gloomy. One is the possibility of a cut in railroad coach fares. The other is the threat of competition from other bus lines.

Competition between rail and bus at present is pretty much on a straight cost basis. Bus men figure that they have to keep their rates at least 25% under the coach passenger fare to get a pay load. They also figure that all profit vanishes whenever bus fares get down around 3¢ a mile. Hence, if rail fares go down, it will cost the buses more and if they ever go down to the 1¢ a mile that has been rumored from time to time, the buses will be up against it.

• **Scant Comfort**—Greyhound men say they take little comfort from the fact that ownership of several of the operating subsidiaries is shared with railroad companies. Pennsylvania R.R. owns 50% of Pennsylvania Greyhound; the New Haven has 50% of New England Greyhound.

# EFFICIENCY

*is a 100% Affair*



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**IS INDIVIDUALLY-ENGINEERED**

In intercommunication, there are no comparative stages of efficiency. Your problems must be solved **completely**, or they're not solved at all!

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# 3 WAYS TO PROFIT WITH NEOPRENE

The Du Pont Synthetic Rubber



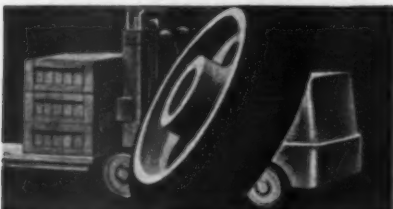
## 1. Develop a Successful New Product

Example: On its way to a million sales, this new grease cup gives continuous lubrication. Design is based on neoprene parts that stay resilient, retain air and resist grease.



## 2. Improve a Product to Widen Market

Example: This flexible coupling gains wider application, more sales, since its bushings have been made of neoprene that stays resilient in heat up to 250° F., even when soaked in oil.



## 3. Reduce Plant Maintenance Costs

Example: Industrial tires of neoprene stand up under abrasion, cutting, heavy loads, oil, hot floors. Save maintenance costs in all industries.

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- ★ High tensile strength, resilience, low permanent distortion.
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The Versatile Synthetic Rubber



## DRUGSTORE THAT CLIMBED FROM THE BOTTOM

Climax of a success story came last week when George A. Breon (center) announced the sale—reportedly at more than \$2,000,000—of a business that he started 26 years ago in a Kansas City basement storeroom. James J. Hill, Jr. (left), president of the \$61,000,000 Sterling Drug, Inc., will take over the reins of Breon's pharmaceutical house as part of Sterling's expansion program. New president of Breon will be J. Gil Jordan (right), formerly assistant secretary of Winthrop Chemical Co., Sterling subsidiary. Though Breon will retire, most of his own men will remain at their posts. Breon asserts he sold to the bidder who offered not the most money but the best opportunity for his employees.

New York Central has a slice of Central Greyhound; and Southern Pacific, R.F.&P., and Great Northern, all own a share of the Hound lines in their territories. Officials say that as far as they can see these interests never have made the slightest difference when the railroads saw a chance to bid for more passenger traffic.

Competition from other bus lines is an even more immediate worry. For some years, Greyhound hasn't had anyone breathing on its neck except in particular localities. The closest thing to serious competition has been National Trailways, a loose collection of individually owned companies, which offered the Hound little opposition as a unit.

• **New Challenge**—Now a rival is setting up shop. American Buslines (formerly All-American), headed by veteran bus operator I. B. Jones, continues to acquire routes in furtherance of its announced intention of cutting itself a piece of the national passenger travel market (BW—Apr. 6 '46, p33).

American has operating rights over 14,300 route miles, 8,400 miles of which are the Burlington bus subsidiary of the Burlington Railroad. While this isn't

much in comparison with Greyhound's 74,373 miles, it falls in a sensitive spot. Using Pittsburgh as a gateway, American's routes reach into New York, Philadelphia, and Washington. Westward the company has two routes, one through Chicago and one through St. Louis, to Los Angeles and San Francisco.

• **West Coast Aspirations**—American now has an application pending before the Interstate Commerce Commission to operate from Los Angeles to San Francisco by the coast highway instead of the Valley Route and to go on from San Francisco to Portland. If the application is granted, American can be expected to give Pacific Greyhound, the largest single operating unit in the Hound system, a hot time up and down the coast.

At present, American's competition carries no threat of a rate war—its fares are the same as Greyhound's. In most cases, though, American can operate a faster schedule because it has fewer local stops. Greyhound in recent years has been assiduously courting the short-haul passenger even at the cost of slower schedules.

• **Greyhound Acquisitions**—Competition or no competition, Greyhound's



an eye out for chances to expand by acquisition of smaller operators. During 1945, it quickly put through several mergers that the ICC had first refused and later permitted.

By an exchange of stock, it acquired Florida Motor Lines, which became Florida Greyhound. Another deal gave the Penn-Ohio Bus Lines, now Ohio Greyhound, which has full local rights in the segment of Ohio that is defined by Columbus, Marietta, and Portsmouth.

At the moment, the Hound still is working on a deal to purchase the operations of the Buffalo & Erie Bus Line and the property of the West Ridge Transportation Co. Both have local operating rights which have been eyed longingly by Central Greyhound for some time.

**Helicopter Service**—Also cooking on the back burner is a hope that helicopter service can be woven into the Greyhound system. This particular job would be handled by Michigan Greyhound Airways, one of the numerous Hound subsidiaries.

The spark plug of the helicopter project is Manfred Burleigh, president of Great Lakes Greyhound. On Burleigh's urging, Greyhound has set up a helicopter division in Detroit. Burleigh hopes to get authorization and equipment soon and may tell more of the Hound's aerial plans toward the end of the month.

# Get Out OF THIS PICTURE!

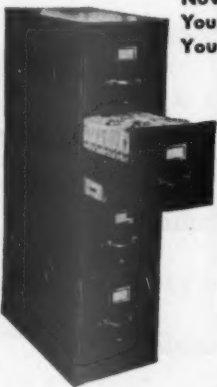


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Globe-Wernicke precision-built steel filing cabinets have always been first choice of discerning buyers throughout the world. They are second to none in smooth, easy operation even when filled to capacity. Their fame for lasting dependable service is derived from quality materials, fine craftsmanship and leadership in engineering.

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Prompt-acting and effective in every instance of Find-i-tis\*, the Safeguard Outfit is designed for immediate installation in any letter size file of 1, 2, 3 or 4 drawers. Includes everything needed—guides, folders, instructions, in one package! For larger, or special, requirements, ask your G/W dealer to make a survey.



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## Libel Insurance

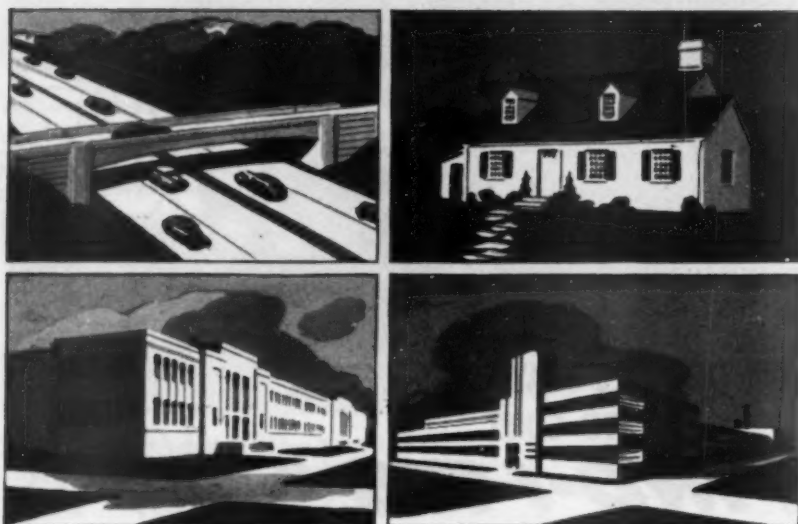
Firm engaged in that line of underwriting reports demand for such protection grows as clients learn it is available.

Demand for libel and slander insurance, which is regarded as one of the more hazardous forms of underwriting, has been increasing in recent years. This trend, according to Employers Reinsurance Corp. of Kansas City, is largely due to the simple fact that more and more publishers and broadcasters are learning that such insurance is available.

In Field Since 1930—Employers Reinsurance, which handles all kinds of casualty reinsurance, claims to be the originator of libel coverage in the United States and the only underwriter operating extensively in that field. The company entered the libel field in 1930 after receiving unsolicited inquiries from several newspapers. Until then, apparently, libel insurance was available only from Lloyds, which handled very little of it and did nothing to push it particularly hard.

Massachusetts Bonding Co., Boston,

# CONCRETE MEANS *low annual cost!*



**W**HETHER you are concerned with building a new, economical low-maintenance-cost highway or bridge, a firesafe cottage or an apartment building, concrete gives you *low annual cost*.

This goes for schools, hospitals, commercial or industrial buildings, too, where maximum value from construction dollars is a goal. Concrete builds rugged structures of enduring architectural beauty.

Whatever you plan to build, remember that reasonable first cost, plus low maintenance makes concrete *low-annual-cost construction*.

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A national organization to improve and extend the uses of concrete . . . through scientific research and engineering field work

has a libel service for advertising agencies, a type of underwriting in which Employers Reinsurance does not engage.

• **Coverage Plan**—Newspapers, broadcasting companies, magazines, and house organs comprise the clientele of Employers Reinsurance in the libel field. In all cases, the insurance is written only in the form of excess coverage. In other words, the client assumes losses up to a certain amount—say \$2,500 or \$5,000. The underwriter then takes over and covers all losses over that amount up to a fixed maximum—say \$50,000 or \$100,000.

The excess coverage arrangement, of course, makes the client's cooperation a certainty.

Daily newspapers of medium size, with circulations up to 50,000, have been the most numerous purchasers of libel insurance. The most common coverage limit is \$50,000, with the client assuming the responsibility for covering losses up to \$2,500. Employers Reinsurance asserts, however, that requests for limits of \$300,000 or \$400,000 are not unusual.

• **Rate Yardsticks**—Premium rates for publications are based on audited circulations. Those for broadcasters are based on the published one-time hourly advertising rate after 6 p.m.

A daily of 50,000 circulation, for example, is paying an annual premium of \$370 for \$100,000 coverage, excess of \$2,500. A national weekly of 500,000 circulation is paying about \$1,700 for \$100,000 maximum coverage, excess of \$5,000.

Considerations which affect rates include the vulnerability of the particular publication to libel litigation, the previous record, and editorial policy. The crusading type of enterprise is regarded as a greater risk. Loss of a suit by a client, however, has no effect on subsequent premiums.

• **Reviewed by Committee**—Applicants must pass muster of an underwriting committee which surveys at least five consecutive issues of the publication. If the coverage is granted, the client is required to keep knowledge of the fact from its staff.

Since entering libel underwriting, Employers Reinsurance has had experience with some 240 suits. Most of these have washed out, and the company has only been called upon to pay in about 20% of the cases. The stiffer recent loss was \$48,000 paid out on behalf of an eastern seaboard daily.

Employers Reinsurance has been pushing this class of business recently under direction of William A. Hanon, attorney and assistant secretary of the firm. Promotion of the libel coverage has been largely through ads in Editor & Publisher, Broadcasting, and other trade papers.

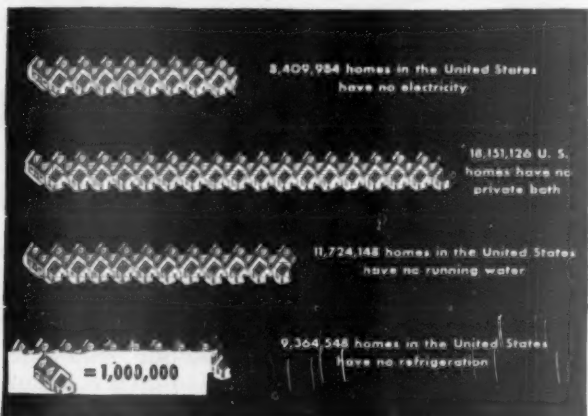
# America is a needy nation

## the facts bear out this statement



**PEOPLE NEED HOMES!** Have you tried to rent one lately? 100,000 new homes are necessary right now to meet minimum living requirements. And that's not all: it is estimated that industry needs a billion dollars worth of new plants, shops and stores; farmers need \$350,000,000 worth of farm buildings.

**PEOPLE NEED CLOTHES!** Want a new suit? So do a lot of others. It's going to take more than 40,000,000 suits to fill the demand this year alone. Measure that against the 700,000,000 pairs of stockings that women want to buy right now, the urgent 1946 need for 14 billion yards of cotton fabrics.



**PEOPLE NEED CARS!** Age of the average car on the road is eight and one-half years. Each month an estimated 90,000 leave their last mile to the junk pile. Result: America needs 15,000,000 cars. And don't overlook the 3,000,000 trucks and buses which are necessary to meet industrial and public transportation needs.

**THE GREATEST U. S. NEED** is to make it possible for *all Americans* to enjoy the basic necessities of American good living. The chart above tells a dramatic story of how great this need really is. It offers a challenging opportunity to the imagination, enterprise and initiative of every American manufacturer.

### How Can America Get What It Needs?

The answer is *produce more!* In turn, increased production means lower prices and increased demand because more people are able to buy. This is the formula for more jobs, high wages, high standards of living. It's the formula that keeps America *busy!* Today, a man's productivity is measured by the capacity and efficiency of the machine he operates. Thus, the modern machine tool is industry's instrument for reducing costs — by increasing the productivity of the worker. Now is the time for manufacturers to start replacing high cost obsolescent tools with modern new machine tools which make possible the low costs, low prices, high wages everyone wants.





# What's DIFFERENT about a Californian?

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Sun-drenched valleys provide a year-round supply of fresh fruits and vegetables to the people of California. Outdoor meals are popular—barbecues, beach parties, or simple lunches in the back yard. The Californian's zest for outdoor living is even reflected in the way he eats.



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To Californians in 307 important communities, Bank of America stands for complete banking service. These men, women and children have learned that this unique statewide organization brings to their community all the advantages of large-scale banking. It does this without sacrificing any of the important community understanding available only to a local organization operated by local citizens.

### "The California Trend"

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## Merger Expected

Twelve textile mills in the South will unite if integration plan reported pushed by sales agent is made to bear fruit.

One of the biggest deals yet produced by the accelerating trend toward integration in the textile industry (BW—May 18 '46, p68) is rapidly coming to a boil. Southern textile men expect any day now to hear the formal announcement of the merger of twelve big mills in North and South Carolina, with a total capitalization of \$17,308,000 and a total value (at present market prices) of something like \$50,000,000.

The moving spirit in the consolidation is reported to be J. P. Stevens & Co., one of the big New York textile selling agents. This would not be the first time in recent years that a selling agent has attempted to cope with the textile shortage by building closer ties with the mills it serves.

• **Via Morgan, Stanley**—It also has been reported that Morgan, Stanley & Co., New York investment banking house, will handle the financing.

A. M. Law of Spartanburg, S. C., veteran textile mill securities dealer who has had a hand in some of the negotiations, says that in addition to the twelve cotton mills a string of big New England woolen mills will be tied into the consolidation.

Altogether the twelve mills have 415,284 spindles and 11,564 looms. They turn out sheetings, drills, prints, shirtings, broadcloths, and rayon-cotton fancies. This gives them a fairly diversified line as well as a sizable volume of production.

• **In a Key Role**—The biggest firm mentioned so far in connection with the merger is the Victor-Monaghan Co. of Greenville, S. C., capitalized at \$6,400,000, operating four plants with 55,552 spindles and 1,170 looms. Victor-Monaghan's president, R. E. Henry, has been one of the main negotiators in discussions of the consolidation. He and two associates—S. M. Beattie and his brother William H. Beattie—are expected to become top officers in the new combination.

Henry also is the main executive of three other companies involved in the consolidation—Watts Mill of Laurens, S. C.; Duncan Mill of Greenville, S. C.; and Aragon-Baldwin Co., which has a mill at Rock Hill, S. C., and one at Whitmire, S. C.

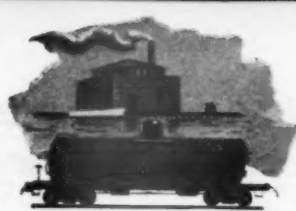
• **Other Ties**—S. M. Beattie is head of the Piedmont (S. C.) Mill, and W. H. Beattie controls Wallace Mfg. Co., Jonesville, S. C. Also covered by the merger will be Republic Mill, Great Falls,



**ALCOHOL**  
Clean, steam coiled car, 8,000 to 10,000 gallon capacity.



**CAUSTIC SODA**  
Heavily insulated steel car, with or without heater coils, 8,000 or 10,000 gallon capacity. Usually specially lined.

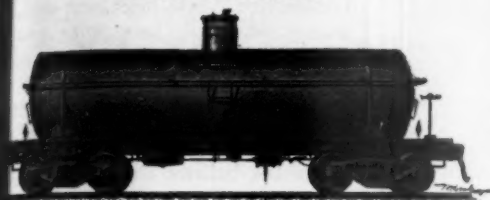


**CHLORINE**  
Insulated, welded car; built to withstand pressure up to 500 pounds; 15 or 30 ton capacity.



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Clean, steam coiled car of 8,000 gallon capacity.

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Tank car transportation of liquids in bulk, pioneered by General American has proved its versatility, its efficiency, its economy.

The General American fleet comprises more than 37,000 specialized tank cars . . . 107 different types of tank cars . . . designed for the safe and swift hauling of an almost infinite variety of liquids.

General American's strategically located offices, plants, and repair shops keep these tank cars at your service; provide you with precisely the type of tank cars you want, when you want them, *where* you want them.

If your problem is the transportation of liquids in bulk, let the nearest General American office help you.

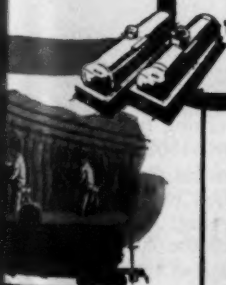
### GENERAL AMERICAN TRANSPORTATION CORPORATION

GENERAL OFFICE: 135 South La Salle Street • Chicago Illinois

#### DISTRICT OFFICES:

New York • St. Louis • Buffalo • Seattle • Los Angeles • Dallas • Houston  
Tulsa • New Orleans • Cleveland • Pittsburgh

**GENERAL  
AMERICAN  
TRANSPORTATION  
CORPORATION**  
CHICAGO



**LARD**  
Clean car, usually of 8,000 gallon capacity.



**WINE**  
Insulated car with one to six compartments. Interior coated to preserve quality.



**MOLASSES**  
Steam coiled car with heavy capacity trucks; 8,000 gallon capacity.



**SULPHURIC ACID**  
Heavily constructed steel car with heavy truck capacity. Equipped to unload through dome.



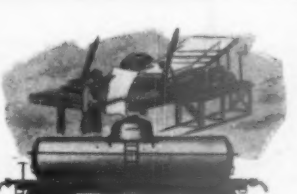
**GASOLINE**  
Clean car, 6,000 to 12,500 gallons; single or multiple compartment.



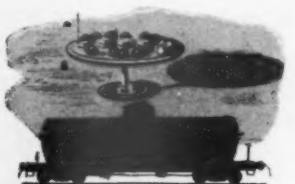
**ASPHALT OR TAR**  
Heavily steam coiled car; with 2 or more inches of insulation; steam jacketed outlet; 8,000 to 10,000 gallon capacity.



**MURIATIC ACID**  
Car lined with pure or synthetic rubber; 8,000 to 10,000 gallon capacity.



**ACETIC ACID**  
Aluminum Car, 8,000 or 10,000 gallon capacity.



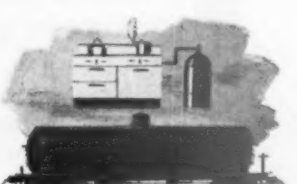
**CORN SYRUP UNMIXED**  
Clean, steam coiled with heavy truck capacity. Usually lined with aluminum paint.



**LUBRICATING OIL**  
Steel car, with steam coils, single or multiple compartment; usually 8,000 gallon capacity.



**FUEL OIL**  
Steel car, steam coiled, 8,000 to 12,500 gallon capacity.



**PROPANE**  
Heavily constructed car, welded and insulated. Built to withstand internal pressure to 300 pounds. Capacity 10,000 to 11,000 gallons.

THIS IS UNDER NO CIRCUMSTANCES TO BE CONSTRUED AS AN OFFERING OF THESE SECURITIES FOR SALE, OR AS AN OFFER TO BUY, OR AS A SOLICITATION OF AN OFFER TO BUY, ANY OF SUCH SECURITIES. THE OFFERING IS MADE ONLY BY MEANS OF THE PROSPECTUS.

**NEW ISSUE**

**156,300 SHARES**  
**THE OHIO PUBLIC SERVICE COMPANY**

**3.90% CUMULATIVE PREFERRED STOCK**  
PAR VALUE \$100 PER SHARE

**PRICE \$102.625 PER SHARE**  
PLUS ACCRUED DIVIDENDS FROM APRIL 1, 1946.

COPIES OF THE PROSPECTUS MAY BE OBTAINED FROM ONLY SUCH OF THE UNDERSIGNED AS MAY LEGALLY OFFER THESE SECURITIES IN COMPLIANCE WITH THE SECURITIES LAWS OF THE RESPECTIVE STATES.

**MELLON SECURITIES CORPORATION**

<b>BEAR, STEARNS &amp; Co.</b>	<b>BLYTH &amp; Co., INC.</b>
<b>L. F. ROTHSCHILD &amp; Co.</b>	<b>SALOMON BROS. &amp; HUTZLER</b>
<b>W. E. HUTTON &amp; Co.</b>	<b>MCDONALD &amp; COMPANY</b>
<b>SCHOELLKOPF, HUTTON &amp; POMEROY, INC.</b>	
<b>BLAIR &amp; Co., INC.</b>	<b>DICK &amp; MERLE-SMITH</b>
<b>DREXEL &amp; Co.</b>	<b>HAWLEY, SHEPARD &amp; Co.</b>
<b>PHELPS, FENN &amp; Co.</b>	<b>WERTHEIM &amp; Co.</b>

MAY 29, 1946

This is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy, any of such securities. The offer is made only by means of the Prospectus.

**NEW ISSUE**

**\$35,000,000**

**The Mountain States Telephone and Telegraph Company**

**Forty Year 2½% Debentures**

Dated May 15, 1946

Due May 15, 1986

• Price 101.87% and Accrued Interest

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these securities in compliance with the securities laws of the respective States.

<b>Harris, Hall &amp; Company</b> (Incorporated)	<b>Drexel &amp; Co.</b>
<b>Central Republic Company</b> (Incorporated)	<b>Equitable Securities Corporation</b>
<b>R. W. Pressprich &amp; Co.</b>	<b>Estabrook &amp; Co.</b>
<b>Hornblower &amp; Weeks</b>	<b>Paine, Webber, Jackson &amp; Curtis</b>
<b>William Blair &amp; Company</b>	<b>Alex. Brown &amp; Sons</b>
<b>G. H. Walker &amp; Co.</b>	<b>First of Michigan Corporation</b>
<b>R. L. Day &amp; Co.</b>	<b>Hayden, Miller &amp; Co.</b>
<b>Weeden &amp; Co., Inc.</b>	<b>Pacific Northwest Company</b>
<b>C. F. Cassell &amp; Co., Inc.</b>	<b>Elkins, Morris &amp; Co.</b>
	<b>Webster &amp; Gibson</b>
	<b>Merrill Lynch, Pierce, Fenner &amp; Beane</b> (Incorporated)
	<b>Hemphill, Noyes &amp; Co.</b>
	<b>Tucker, Anthony &amp; Co.</b>
	<b>Stroud &amp; Company</b> (Incorporated)
	<b>The Illinois Company</b>
	<b>Reynolds &amp; Co.</b>
	<b>Almstedt Brothers</b>

May 28, 1946

S. C., owned by the Duke Power Co. and Cleveland Cloth Mills, Shelby N. C., owned largely by O. Max Garner, Under Secretary of the Treasury and former governor of North Carolina.

**Baldwin Upswing**

Locomotive firm clears debt, once again faces a rough period with large backlog of orders, diversified lines.

When stockholders of the Baldwin Locomotive Works meet next week, management will have some pleasant news for them. For the first time in 35 years, Baldwin is completely out of debt. Within the past year, it has retired \$5,250,000 in bank loans, the bulk of its fixed interest obligations, which leaves the balance sheet with nothing outstanding but current accounts payable.

• **Notable Comeback**—As late as 1914 Baldwin was flat on its back in bankruptcy court. Its progress since then represents one of the most spectacular comebacks in financial history, even though a drastic reorganization and flood of war orders were a decided help.

Traditionally a leader of price-sensitive pauper heavy industry, Baldwin always does things on a grand scale. In good times, its earnings are likely to be very good. In bad times, its deficits have been appalling. The same goes for its production and employment. When its main shops were located at Philadelphia, Baldwin's hiring or lay-off programs sometimes were enough to make the difference between prosperity and slump in the city's economy.

• **Something Bigger**—Baldwin Locomotive got its start 115 years ago when Matthias W. Baldwin, a jeweler's apprentice, decided that he wanted to work on something bigger than clocks and watches. In 1825, Baldwin started building stationary steam engines. Years later, the Philadelphia, Germantown & Norristown R. R. gave him his first order for a locomotive. It took a year to build that first engine, but since then the Baldwin works have turned out a total of more than 70,000 locomotives, an average of one every 14 hours.

When the Civil War broke out, Matthias Baldwin was still going strong. He created quite a stir among industrialists by turning out 33 locomotives between May, 1862, and June, 1863, most of them for Army use.

Baldwin died in 1866, but his company kept going, through the boom and panics of the late nineteenth century. Although it took a licking in



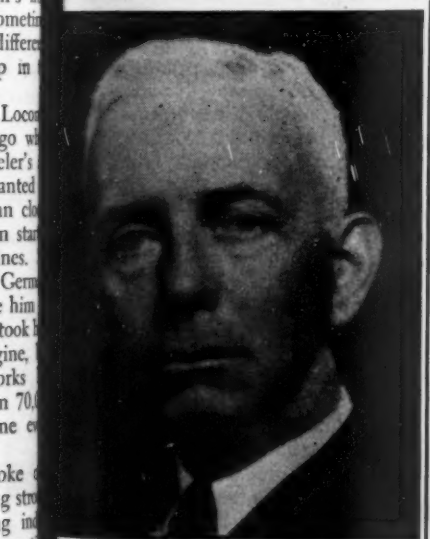
...ed years, it prospered over the long  
...well as the rapidly growing railroad in-  
...dustry demanded more and more loco-  
...motives.

Moved to Eddystone—Around 1900,  
...the company began to feel cramped in  
...the Philadelphia plant site. In 1906, it  
...decided to move 12 mi. down the river  
...to Eddystone, Pa., but it didn't get  
...around to making the transfer until  
...1928.

Baldwin still owns the Philadelphia  
...plant site, a valuable piece of real es-  
...tate near the center of town. Citizens  
...used to be reminded of the plant's  
...strategic location once a year when  
...Drangemen holding their traditional  
...parade down Broad Street would run  
...into a barrage of light locomotive com-  
...ponents hurled by South of Ireland im-  
...migrant employees at the Baldwin  
...works. Later, rumors that Baldwin was  
...about to sell the Philadelphia property  
...at a fancy price contributed to the  
...fluctuations of the company's stock in the  
...Bull Market.

During the first World War, Bald-  
...win branched out, making heavy ord-  
...nance, railway gun mounts, and shells,  
...not only for the U. S. but for Great  
...Britain, France, and Russia.

Diversified Line—After the war, it set  
...out on an expansion and diversification  
...program. Within a short period, it took  
...over Whitcomb Locomotive, Pelton  
...Water Wheel, Standard Steel Works,  
...Camp Brass & Iron Foundries, and  
...Southwark Mfg. Co. It also acquired  
...4.45% of Midvale Co. and 32.4% of  
...General Steel Castings. This combina-  
...tion gave a fairly diversified line of prod-  
...ucts ranging from hydraulic equipment  
...including the Radio City Music Hall



Charles E. Brinley (above), chairman  
...of century-old Baldwin Locomotive  
...Works, doesn't need rose-colored  
...glasses now that Baldwin is com-  
...pletely free of debt.

## BETTER the ANSWERS



## Than The Problems

What's your packaging problem?  
Greater economy in packing and  
shipping costs? Increased protec-  
tion for your product in transit?  
A more attractive corrugated box  
to increase sales? H & D's book-  
let, "How To Pack It," has the  
answers to these and many other  
corrugated packaging problems.



CORRUGATED PACKAGING  
SUPPLIES THE ANSWERS

Be prepared for the time when ample raw materials  
are again available—let H & D Package Engineers fur-  
nish the engineering solution to your packaging prob-  
lem now. Which H & D corrugated box will simplify  
packing, provide added protection for your product  
in transit, attract customer attention and increase  
sales and profits? Perhaps you need a combination  
shipping display box, easily and quickly set up by  
the dealer. Or maybe your product requires a  
specially-designed gift box, or a handy "take-with"  
box. Send for "How To Pack It," a complete, informa-  
tive catalog of H & D corrugated packaging. The  
Hinde & Dauch Paper Company, Executive Offices,  
4610 Decatur Street, Sandusky, Ohio.



**HINDE & DAUCH**  
PACE-SETTER OF THE PACKAGING INDUSTRY

FACTORIES IN: Baltimore • Boston • Buffalo • Chicago • Cleveland • Detroit • Gloucester, N. J.  
Hoboken • Kansas City • Lenoir, N. C. • Montreal • Richmond • St. Louis • Sandusky, Ohio • Toronto



## Red Rock—Canada

*A New Source of Wood Pulp*

A new Canadian industry, a large wood pulp mill at Red Rock on Lake Superior, came into production this year. It will meet part of the huge American demand for kraft paper.

Both the industry and its home community of 750 people now have banking service from a newly-established branch of The Canadian Bank of Commerce. It is a complete banking service, too, such as is available at the other branches of this Bank in all the productive areas across Canada.

This widespread banking service is also available for your Canadian trade and financial transactions.

*Monthly Commercial Letter upon request.*

### THE CANADIAN BANK OF COMMERCE

Head Office: Toronto

NEWYORK SEATTLE PORTLAND, ORE. SAN FRANCISCO LOSANGELES

*More than 500 Branches Across Canada*

Manufacturers! Designers! Engineers! etc.

## 1000 Profit-Making Ideas Every Week

See How These TRUE CASE HISTORIES Profited

1. Pat. #1718219 covers a very well-known self-sharpening razor. Expiration date—June 25th, 1946. At least one other company is already making, selling, advertising and profiting by the exact same item!

2. The general patent for a flexible (double-edge) blade expired in the 1930's. Forty-three companies are now making these blades . . . profitably . . . with no licensing fees whatsoever!

**EVERY WEEK, 1000 EXPIRING PATENTS OFFER  
Proven PRODUCTS AND IDEAS TO EXPLOIT!  
EVERY WEEK, PUBLIC DOMAIN Furnishes You with  
Advance Information About Them**



Imagine, every week you receive a bound volume of more than 200 pages, reviewing an average of 1000 patents due to expire within four weeks, patents that made money for the original holder, but which you are now free to exploit for yourself!

Only "Public Domain" offers you this exhaustive research service, indexes each patent by specific industry (and covers all industries and

patentable processes), and shows each with draftsman's drawing and typical claims . . . the full story at a glance!

At the subscription price, each expiring patent costs you .001c . . . one idea used covers the cost of a six-year subscription! So reserve your copy NOW. One year—\$45.00; six months—\$25.00; special ten-week trial subscription—\$10.00.

**SCIENTIFIC DEVELOPMENT CORPORATION 616 W. 49 ST., N.Y. 19, N.Y.**

stage elevators) to marine propellers. Baldwin hoped that diversification would take some of the curse off the cyclical swings in locomotive orders, but when the big depression of the thirties closed in, things didn't work out that way. Instead, the bond issues Baldwin had floated to finance its expansion began to weigh heavier and heavier as the deficits piled up. In 1931 when its fixed charges were \$1,141,000 Baldwin showed a total deficit of \$4,123,000. In 1932, it lost \$4,078,000. The next two years were almost as bad, and in 1935, the company went into Sec. 77B reorganization.

When Baldwin finally came out of court, in 1937, its fixed charges had been cut to about \$600,000 a year. Common stockholders were not wiped out, but they got only one share of the new common plus two warrants to buy at \$15 in exchange for each ten shares of the old.

• **Big Backlog**—Even on this basis, Baldwin ran a deficit in 1938, but it managed to make ends meet the next year and in 1940, the war orders started to come in. By April, 1941, it had \$100,000,000 worth of business on its books. In 1944, net income hit the record level of \$5,264,000.

Now that the war is over, Baldwin's expectations again are tied to the future of the railroads plus exports. At the moment the outlook seems good. Early this year, the company announced that it had approximately a year's capacity business on its books.

• **Ready With Diesels**—If the swing toward diesels instead of steam locomotives continues, Baldwin will be ready for it. It got in early on diesel and diesel electric development and now has a complete plant for constructing diesel locomotives. It also is working on gear-driven steam turbine locomotives and advanced models of reciprocating steam engines.

To the stock market trader, Baldwin's common (now selling around \$36) may be a lot sounder than the shares of the old company, but its performance is tame by comparison. Anyone who remembers the joyous days of the big boom remembers how Baldwin shot out in front of the market again and again. In 1927, the Fisher brothers bought 120,000 shares, and it was rumored that the Detroit automobile body builders were trying to get control of the company. Between June 1 and Sept. 3, the value of Baldwin common increased by \$24,000,000. The following year, the stock hit its all-time high of 285. In 1935 (after a four-for-one split in 1929) it dragged bottom at 18.

Even before the twenties, Baldwin was a favorite on the stock exchange. Back in 1915, Baldwin common jumped \$36 a share in a single day on the rumor that du Pont was trying to buy control

# always fought and prayed for PEACE

"Whatever is right can be achieved through the irresistible power of awakened and informed public opinion. Our object, therefore, is not to enquire whether a thing can be done, but whether it *ought* to be done, and if it ought to be done, to so exert the forces of publicity that public opinion will *compel it to be done*."

*W R Hearst*

In 1909 the Hearst Newspapers published a stirring Christmas plea for World Peace, which Andrew Carnegie forwarded to France, England, Russia, Germany, Japan and the United States.

In 1912 the Hearst Newspapers called upon President William Howard Taft for ratification of the Peace Treaties with France and England.

In 1921 the Hearst Newspapers asked Congress to reject Naval Disarmament as a step toward war.

In 1928 the Hearst Newspapers prophesied that the Kellogg Peace Pact would prove to be just another

scrap of paper if the nations of the world didn't achieve the will to peace.

In 1936 the Hearst Newspapers urged the U. S. to heed the lesson of the London Naval Conference failure and make herself strong beyond attack.

In 1939 the Hearst Newspapers petitioned President Roosevelt to maintain peace, reminding him that only the Communists could profit by war.

In 1945 the Hearst Newspapers supported the President's decision to keep the secret of the Atomic Bomb, pointing out that in our hands it is a weapon for international peace and justice.





# MARKETING

## Teen-Age Market: It's "Terrif"

High-school girls' own slang best describes the amazing exploitation of youthful fashions and accessories. Magazines, stores, and manufacturers ride profitable trend for all it's worth.

Next week Teentimers, Inc., New York dress manufacturer, will close its second annual "Design and Name It" contest in which about 200,000 teen-age girls will submit, through local department stores, sketches of the dress they want to wear this fall. Prize-winners will be manufactured and intensively merchandised right back to those same contestants and thousands of girls like them.

• **Jackpot Market**—That contest, the phenomenal response to it, and the firm staging it are typical of the teen-age market—a special area that has come into its own during the war. It's a jackpot market because, unlike her older sisters, every teen-ager wants to look almost exactly like every other teen-ager, and if a garment registers "reet" with her the resultant volume is what she'd call "terrif."

Obviously, the teen-age market is no new physical entity hinging on population or similar factors. What is new is the exploitation resulting from the realization that young females of high-school age (who are incipiently boy-conscious, hence style-conscious) can be sold special merchandise at special prices.

• **Direct Appeal**—Antecedents of the teen-age exploitation go back more than a dozen years when Edward McSweeney, then with Street & Smith Publications, Inc. (and now an independent marketing-management specialist), suggested a woman's publication specifically directed at the younger age groups. McSweeney's inspiration, in turn, is traceable to Best & Co. where Mary Lewis (then Best's advertising manager, and now owner of a specialty shop in Manhattan) explained to him Best's immense success in pioneering in special merchandise for girls.

McSweeney's suggestion eventually led to the publication of *Mademoiselle*, a highly successful venture. And while *Mademoiselle* split up exploitation of the women's market only as between matrons and nonmatrons, it did show that specialization by age groups was possible and profitable.

• **More Magazines**—A new batch of publications in 1942 brought the next marketing split-off—this time the teen-age slice. In that year the publishers

of *Parents' Magazine* brought out *Calling All Girls*; 1944 brought *Seventeen*, published by Triangle Publications, Inc. (BW—Aug. 26'44, p94), and *Miss America*; *Junior Bazaar* appeared in 1945, and *Deb* early this year (BW—Feb. 23'46, p90).

Undoubtedly the profitable trend which these merchandising magazines are riding, and which they largely were instrumental in generating, was accelerated by the war. As incomes soared and durable goods disappeared, more and more of the paternal paycheck was allotted to women and particularly to teen-age daughters. As *Seventeen* puts it, "Ask the man who has one." Department stores tended to put their sales efforts into apparel, on which ceilings were relatively flexible and supplies relatively available. Hundreds of garment manufacturers jumped at this golden opportunity and the teen-age market was in full swing.

Its evolution can be traced in the history of *Teentimers*, one of its leading

suppliers. In 1942 this firm was turning out "juniors"—women's dresses sizes 9 to 15—when it discovered that about 25% of its output was being sold in special teen-age corners by enterprising children's wear buyers who wanted to keep the purchases of this between-age group safely tucked away in their own departments.

• **Matter of Proportions**—The following year the firm adopted its present name, concentrated on producing its trademarked "OOriginals" for teen-agers. The difference was not merely a matter of style, but of proportions: teen-agers' undeveloped figures require shorter overall length, larger waist measure and smaller bust measure than women's sizes offer.

The difference was also a matter of merchandising. Though it has over 3,000 accounts on its books, the heart of *Teentimers'* business lies in 750 franchised department stores. Each is exclusive in its city, and each agrees (1) to run at least one newspaper ad a month featuring *Teentimer* OOriginals, and (2) to maintain a *Teentimer* department, prominently identified. Usually this is within a larger teen-age apparel department.

Most of the stores organize *Teentimer* clubs—chartered by *Teentimers, Inc.*—whose meetings are frequently fashion shows with members serving as models. Ninety per cent of the franchise stores appoint high-school advisory boards to guide them on teen-age preferences, with appropriate local publicity. Many stage local contests to dis-



At Gimbel Brothers' Milwaukee store, attentive youngsters absorb typical teen-age market promotion: *Calling All Girls* magazine's Easter fashion show.

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Light from two Dazors converges at the focal point of work on a precision jig machine (Omar Tool & Machine Co.).



With Dazor light of the desired quantity and quality directed (without waste) where needed, this operator makes her Singer sing.



The Dazor and a Remington Rand Bookkeeping Machine here team up for the speed and accuracy demanded in modern accounting.

*Lighting.. Individually Fitted..*  
**DAZOR ALONE Floats!**

**MOVES FREELY INTO ANY POSITION and STAYS PUT — WITHOUT LOCKING**

American Airways  
Aircraft overhauling  
Box Gate Compass.

Think of a *floating* object as something which moves, glides or drifts in any direction with effortless ease... a picture which fits perfectly the motion of movement you find in a Dazor Floating Lamp.

With the Dazor you can concentrate glare-shadowless light of high intensity on horizontal or vertical work area. With the tip of your fingers you *float* it where needed—fit it to your seeing needs. When released, the lamp is firmly and auto-

matically held in suspension by a patented enclosed spring force. It *stays put* without locking, tightening or "friction" holding. Dazor alone *floats*!

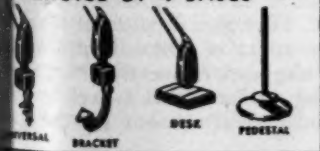
In your plant and office are vital tasks which demand fast, accurate, comfortable seeing: Drafting, design engineering, precise machining, fine assembly, inspection, tests, repairs, accounting and bookkeeping... where specialized Dazor lighting will help increase and improve work output—save you money.

#### Phone Your Dazor Distributor

... for any additional information desired. A better idea, ask him to demonstrate the advantages of Dazor lighting under actual working conditions. For your distributor's name, if unknown to you, write to the Dazor Manufacturing Corp., 4483 Duncan Ave., St. Louis 10, Mo.

**IN CANADA** address inquiries to Amalgamated Electric Corporation Limited, Toronto 6, Ont.

#### CHOICE OF 4 BASES



## DAZOR *Floating* LAMPS

FLUORESCENT and INCANDESCENT

# How to sidestep that summertime kick in the plants!



**YOU'VE HEARD IT** in the shop—"Jeepers, Joe, how we gonna make the rate in this heat?" Easy!... when a few R & M Exhaust Fans beat up a breeze that keeps the boys hot on the job—cool under the collar. (Costs far less than you probably think to give "summer slump" the slip.)



**OFFICE WORKERS** keep hitting the ball—when a breezy R & M Air Circulator puts their thoughts on the balance sheet instead of the beach. Comfortable folks don't form a caravan to the water cooler. They don't try to find "work" near an open window. (You'll see!)



**EXECUTIVES, TOO,** have enough to fight without trying to stave off "heat-fag." For front-office men, there's nothing finer than an R & M DeLuxe Fan. Your R & M distributor is ready to help with your "summer slump" problem. For his name and free fan literature, write: *Robbins & Myers, Inc., Fan Sales Division, Springfield, Ohio; or Brantford, Ontario, Canada.*



**ROBBINS & MYERS**

*Fans*

FOR HOME AND INDUSTRY

cover the most typical teen-age Teentimer materials for window and counter displays, and newspaper advertising are offered the franchise store frequently. National publicity on Teentimer clothes is consistent and voluminous.

• **Mail Pours In**—Furthermore, Teentimers' national advertising in teen-age and movie magazines brings 8,000 to 10,000 inquiries every month, despite the fact that local stores' tie-in advertising spares many customers the trouble of writing to find out where the merchandise is available. Almost any franchise store can count on receiving at least 100 referrals a month from such sources.

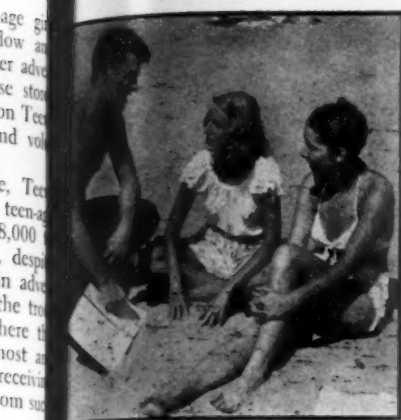
Biggest Teentimer promotion is a Saturday morning radio show over 50 NBC stations. Teentimers pays the talent and production costs and has the middle commercial; department stores pay for local time and have initial and final plugs. Big name bands—Benny Goodman and Woody Herman among them—are glad to play for this market that accounts for a large proportion of total phonograph record sales and only at the beginning of its purchasing existence. Jules Rosenstein, Teentimers' president, claims that 1,000 stores are on the radio show's waiting list (kept there by the piece goods shortage that continues to limit the production of O'Originals) and that the show's renewals are 99%.

• **Large Volume**—Though department stores are well aware that such promotion to teen-agers means currying favor of a group that will soon be young housewives with homes and children to outfit, they report that teen-age departments pay off in their own right. Their volume not infrequently surpasses that of the women's and children's departments—both much older institutions. The pay-off to manufacturers is best illustrated by Teentimers' report: its own monthly sales increase: from about \$20,000 in 1943 to \$350,000 currently.

Other teen-age apparel manufacturers have similar operations, and all take advantage of the extensive store tie-in promotions that are carried on by the teen-age magazines. These are not fashion forecasters like Vogue or Harper's Bazaar, but down-to-earth merchandising sheets.

For example, their policy is to make sure reasonably large quantities of garment are available before they feature it editorially, and they specify the price, the manufacturer's name and usually where it can be purchased, and encourage advertisers to be equally explicit. They give department stores advance notice of editorial features, and they also work frequently with them staging fashion shows as well as other Saturday entertainment for the girls.





Eugene Gilbert (above), 19-year-old Chicagoan who is founder and sole proprietor of Gil-Bert Teen Age Service, interviews teen-agers where he finds them. Though he tests every questionnaire himself, his national sample of 3,500 teen-age interviews obtained by 1,000 students in 100 cities, whom he pays 65¢ to \$1.25 an hour. He makes surveys for such clients as Marshall Field, United Air Lines, Sears, Roebuck, and the Army Recruiting Service.

tion of the easily lured teen-agers. **Lines Branch Out**—Clubs are a common vehicle. Miss America magazine has to have chartered 1,000 Miss America clubs, whose financial obligations are nil and whose guidance is fully furnished by the magazine. Call-All Girls organizes similar clubs through department stores, many of which also purchase records from the magazine from which they concoct "All Girls Club of the Air" programs over their local stations. There also, ad infinitum, display cards, tags for garments ("as advertised"), window display materials, and like.

Teen-age merchandise is by no means confined to dresses. Teentimers, among others, has branched out into cosmetics. specially designed "Liptrix" (lipstick), Glamourtress (shampoo), Heavy H<sub>2</sub>O (cologne), and other products are sold exclusively in teen-age departments. This is not only the way to reach the market, it also affects the price structure of the store's regular cosmetic department, since teen-age products are priced under standard rates—lipstick at 75¢ instead of \$1, for example.

Nationally known manufacturers produce hats especially designed for teen-agers (and priced lower); other examples of the special line of teen-age greeting cards sold by Hall Brothers, Inc. (BW—18'46,p92) and the "Diana J. C."



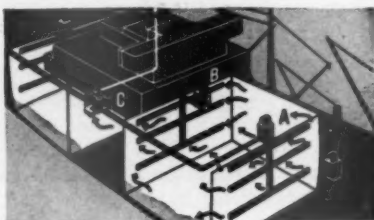
Moore-McCormack Lines' "Mormacgulf" loading coffee at Santos, Brazil. George L. Holt, Vice-President in charge of traffic, states: "Our experience with Cargocaire has been so successful that we are installing it on seven new cargo liners. It is estimated that our vessels will carry in excess of three million bags of coffee annually. Cargocaire equipment will assure outturn in excellent condition."

## Cargocaire makes important news for every cost-minded shipper

Cargocaire is the new ventilating and dehumidifying system that protects your shipments by water from sweat-caused damage—saving you the nuisance, delays and customer disappointments that your insurance does not cover.

Many progressive lines now offer Cargocaire protection. It's a dynamic method of reducing dewpoint in holds so rust, rot, taint, spoilage, container and label damage due to sweat cannot occur—no matter what the weather.

*No claim for sweat-damage has ever been made on cargo protected by Cargocaire!*



A. Air supply for ventilation in good weather. B. Exhaust. C. Cargocaire unit, supplying dehumidified air to mix with outside air or recirculated air within each hold. No temperature control needed... no addition to crew

Free Folder on "Fair-Weather" Shipping  
If you grow, manufacture, ship, carry,

buy or insure goods shipped by sea, Cargocaire is news you should know more about—because it's dependable insurance against uninsured losses! Mail the coupon for "It's Always Fair Weather—the Story of Cargocaire".

**These lines offer Cargocaire protection:** American Export Lines • American Hawaiian S. S. Co. • American President Lines • American South African Line • Furness Withy • British • Lloyd Brasileiro—Brazil • Lykes Brothers S. S. Co. • Moore-McCormack Lines • Atlantic Gulf & West Indies • Brodin Line • Swedish Delta Line • Peninsula & Oriental—British • Robin Line • Waterman Line.

Look for the American Bureau of Shipping symbol "VDS" indicating protection by Cargocaire Ventilating and Dehumidifying System (patented in U. S. and foreign countries) Cargocaire Engineering Corporation, New York, London and Goteborg, Sweden.

# Cargocaire

**TAKES IT ACROSS, WITHOUT SWEAT LOSS**

Dept. B-3:  
Cargocaire Engineering Corporation  
15 Park Row, New York 7, New York  
Gentlemen: Please send me "It's Always Fair Weather—the Story of Cargocaire"

Name.....  
Company.....  
Address.....

## HIS STATEMENTS ARE RELIABLE

THE Industrial Development Department of Alabama Power Company is staffed with a group of specialists enthusiastic about Alabama as a location for industry. Their enthusiasm stems from the fact that in past years many industries have found in Alabama the combination of climate, raw materials, workmen, transportation, market possibilities and laws not unfavorable to business.

However, they do not permit their enthusiasm to cause them to make statements which could be misleading. Their statements are based on special economic studies of an area as related to the individual industry considering locating there. If the requirements of the industry cannot be met they will state so frankly and endeavor to suggest an alternate.

Currently the interest displayed in Alabama as an industrial location makes it impossible for them to complete, as promptly as they would like to, economic reports for specific organizations. However, if you are contemplating the establishment of a plant in the South they would be pleased to have your inquiry and will begin the compilation of facts from which you can make a decision. They will undertake this independently but can, of course, prepare a more helpful report if they work in collaboration with your representatives.

Industrial Development  
Department

**ALABAMA  
POWER  
COMPANY**  
BIRMINGHAM,  
ALABAMA

(junior girdle) sold by Diana Corset Co., Inc.

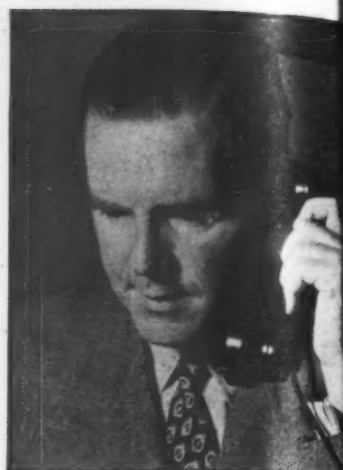
• **Price Conscious**—But no market is perfect and teen-age buyers have their limitations. One of them is price: Although teen-age dresses retail all the way from \$5 to \$40, the big volume is in the \$8 to \$9 class and an enterprising manufacturer not only has the problem of conjuring up a fashion that pigeons will consider hep, but must do it at a price.

A much bigger question is the market's permanence. Undoubtedly some of the ads that now fatten the teen-age magazines are hold-overs from the tax-dollar appropriations of last year, and with the gradual return of consumer durable goods, parents may not shell out so readily to gratify a teen-age daughter's whims. The fashion houses supplying this market are, by necessity, mercurial; they ride a trend only as long as it pays off and when it doesn't they leave it as quickly as they embraced it. But the more staple merchandise, at least, can count on outlasting the war boom.

• **Amazing Returns**—Meanwhile the going is high, wide, and handsome with this market whose astounding responsiveness and loyalty endear it to any manufacturer's heart. Teen-age girls like what they like and get their friends to like it too. Only that accounts for the amazing returns from teen-age magazine advertising:

Teentimers, for example, reports that an advertisement in the May issue of Seventeen, featuring a white dress suitable for graduation and street wear, brought 3,000 where-to-buy-it inquiries in the first week and the total is expected to reach 10,000. Harvey's of Nashville, Tenn., received 36,000 mail orders from one advertisement of a jacquard sweater. Jane Engel, Manhattan apparel shop, got 1,800 mail orders for a \$10.95 eyelet pique dress. The Hecht Co., Washington (D. C.) department store, offered a teen-age fashion booklet in two ads and was overwhelmed with the 20,000 requests for the booklet that poured in instead of the 2,000 or 3,000 that had been expected to result.

• **More Specialization?**—Inevitably, say marketers, the immense hullabaloo attending the birth and development of the teen-age market will prompt still further specialization—perhaps into the junior high school groups. Some evidences of such a trend are already visible, but old hands in the trade warn that merchandising to the below-high school groups is tricky. In this substratum, style-consciousness is not yet strong enough to create sales, and pocket money is usually nickels and dimes. Here, say the cynics, you have to sell the parents, too, or run the risk of a flop.



Back in the 1930's, Edward Sweeney (above), then with Street Smith Publications, Inc., spotted a department store trend toward specialization in younger women's fashion and recommended a magazine to parallel it. The prosperous "Mademoiselle" showed other publishers that the male market can be broken down into age groups, of which the teen-fraction is the latest to be exploited.

## PROMOTING THE WEST

A million-dollar sales promotion has been launched by Standard Oil Co. of California and its subsidiaries in a revival of the popular "See Your West" program interrupted by the war.

Each week from now until late October, Standard filling stations and dealers in 15 western states, Alaska, Hawaiian Islands, and British Columbia will distribute free to motorists a different full-color scenic picture of the West. There are 25 such pictures in the set.

The 9x12 pictures, lithographed by Crocker-Union of San Francisco who originated the idea and sold it to Standard in 1940, are reproductions of color photographs selected from a field of more than 4,000 entries.

A measure of the popularity of the stunt lies in the number of retail stores which have grabbed at tie-in opportunities. Stores of the caliber of Bullock in Los Angeles, Frederick & Nelson in Seattle, Meier & Frank in Portland, the Emporium in San Francisco—to a total of more than 250 retail outlets—are using the Standard lithographs to promote sales of vacation clothing, photographic accessories, sporting goods. Woolworth stores have ordered 250,000 special picture frames to fit the mounted lithographs. Frederick & Nelson bought full-page newspaper space to advertise the first exhibit in Seattle.

## Hoving's First

Another period of retail store amalgamation is foreseen as new corporation starts off with a smart specialty shop.

When the Hoving Corp., headed by Walter Hoving (former Lord & Taylor president), last week acquired rights to New York City's swank Bonwit Teller specialty store from the Atlas Corp. (N.Y. Times, Jan. 1, '46, p. 76) as mother hen for the proposed brood of chicks in other cities, the department store fraternity immediately detected a repetition of history.

**Similar Pattern**—In the boom of a generation ago, the skyrocketing sales of big retailers prompted a series of mergers, expansions, and syndicates, often with the aid of bankers and investment houses. Allied Stores, Associated Dry Goods, Federated Department Stores, and many another amalgamation were products of that era, lasting roughly from 1915 to 1929.

The Hoving Corp.'s similarity to such predecessors is unmistakable. Hoving is backed by investment bankers Blyth & Co. His acquisition of Bonwit's (22% of shares for a starter, with rights to 96%) so far has meant no change in management, nor direct store operation by the parent company. His proposed chain of Bonwit branches seemingly will not involve central buying or standardization of any sort. All in all, as in the prior cycle, the idea

seems to be to add together numerous individual profits to make a grand total, and supply managerial and financial know-how without direct day-to-day operation of the stores.

• **High Income Ratio**—But in one respect, the Hoving venture shows a departure. In concentrating on top-ranking specialty stores for a starter, Hoving definitely is not mixing peaches and pears as was done during the last boom when the amalgamations often piled up stores irrespective of type, size, or location.

The clew to Hoving's choice of specialty stores as initial investment obviously lies in their current high ratio of net income to sales. Bonwit last year was able to amass a total of \$1,100,000 net income on net sales of \$17,113,000—percentage-wise, 6½%. Nor is this performance unique to Bonwit's. Others well-known in the specialty bracket such as Best and Bullock's have been showing a rate of approximately 4%.

By contrast, bigsters like R. H. Macy and Gimbel Bros. can't produce much more than 2% or 2½% on their gigantic sales total of more than \$200,000,000 apiece.

• **Fewer Shortages**—The moral of this situation is that the hoity-toity specialty shops during the present boom are spectacular profit producers in comparison to moderate sales and moderate investments. Assuming that high consumer incomes will persist for some years, the specialty stores indubitably look like inviting buys. Two other factors enter into the picture:

(1) Since specialty shops deal mainly

## Speed Sweep WITH A BACK OF STEEL



### Makes Light Work Out of Tough Sweeping Jobs

Steel back of Speed Sweep brushes is the basis of unique construction for faster, easier, better sweeping. Block is ¼ usual size—easier to handle. Tufts of longer, better fibres are more compact—provide "spring and snap" action. Handle instantly adjustable to height of sweeper—reduces fatigue and strain. Speed Sweep brushes are built to outlast ordinary brushes 3 to 1.

#### GUARANTEED

Dustless brushes are used in thousands of offices, factories, schools, institutions and stores. They are unconditionally guaranteed to meet your requirements. Write for styles, sizes and prices today.



**Milwaukee Dustless**  
BRUSH COMPANY

528 N. 22nd St., Milwaukee 3, Wis.



So many products

- new and redesigned
- are coming to the buyers' eyes
- with that important quality, the quality of SERVICE, remaining improved.

It is here that confidence between buyer and seller can be established VISUALLY. The ETL mark of independent periodic testing supplies confidence in a worthy product.

Write for brochure showing products so marked . . . successfully sold.

Electrical Testing Laboratories, Inc.  
2 East End Ave. at 79th St. • New York 21, N. Y.



## THERE'S PLENTY OF ROOM UP FRONT

To market their postwar automobiles, manufacturers have dug deep into their bag of publicity tricks, but now Studebaker turns up with a new one. Seeking to demonstrate that its 1947 station wagon has an unusually roomy front seat, it packed in an engine tester and his family—all seven of them (above). Date for the car's unveiling hasn't been set—due to supply problems.



**Every KNOX PRODUCT  
IS BUILT FOR Service.  
..BUILT TO Endure!**



**KNOX**

**Means Dependable Quality!**

Today, Knox is geared to the future — daily moving steadily toward even greater goals. Expansion is the keynote!—expansion paced by the steady appearance of more and more new products and new ideas.

Keep on the lookout for news regarding the activities of the various divisions of the Knox Corporation. Before very long production should be in full swing. Watch for dependable Knox products. Remember, they are built for service . . . they are built to endure!



**KNOX Corporation**  
THOMSON, GEORGIA

"A GREAT Name in Southern Industry"

in women's clothing and accessories, merchandise shortages affect them less than full-line stores.

(2) An expansion program—such as Hoving has in mind for Bonwit's—usually means more suburban than downtown stores with a correspondingly lighter drain on the cash drawer. Bonwit's, incidentally, already has branches in Miami Beach, Palm Beach, and White Plains, N. Y.

• **Mass Market, Too?**—But nobody expects Hoving to stop at specialty shops. Hoving's long experience with price-conscious retailers—involving vice-presidencies at Macy's and Montgomery Ward—would indicate that he eventually will look for stores of the mass-market type, too. Full-line department stores and chains—always more steady in a real buyers' market than specialty stores—would seem to be on the future list.

### FILLING STATION FILMS

By way of diversification, Union Oil Co. filling stations (Pacific Coast) are selling film and a photofinishing service. Thus far, Gevaert is the film brand name most in evidence on the dealers' shelves, while the finishing service is rendered through Photo Developing, Inc., a processor with plants in Camden, Cincinnati, and Hollywood. Price for developing and printing an eight-picture roll is 30¢.

As might be expected, California druggists have been quick to scowl at Union Oil's sideline. Says the latest issue of Northern California Drug News: "We are customers of this company, at least many of us are, and it is hardly to be expected that we are such good Christians that we will turn the other cheek and continue to feed our hand-biting friends. . . ."

### Mexican Venture

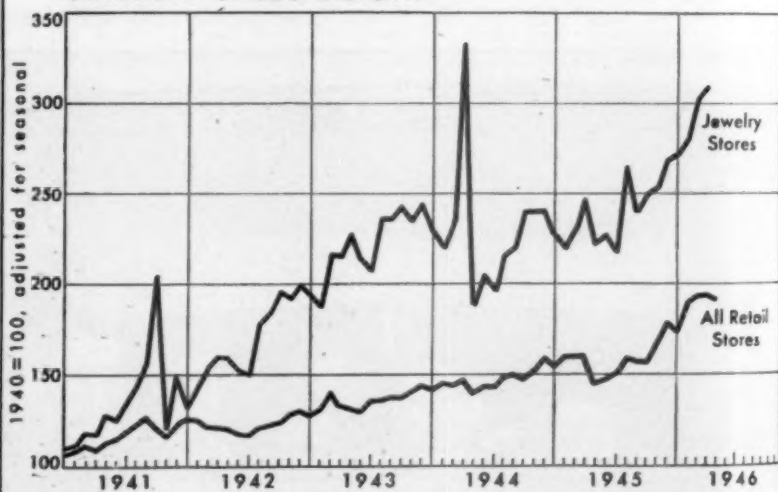
Walgreen Co. expands south of the border, acquiring two stores and right to manufacture several U. S. drug lines.

By adding only two stores, the Walgreen Co., which already had 400 stores and 15,000 employees, last week set up an international buzz among marketers.

The American drug chain acquired Mexico's Sanborn Department Stores at Mexico City and Monterrey, buying a large chunk of stock from founder Frank A. Sanborn. It intends to retain the management policies that built the stores' volume to \$4,000,000.

• **More to Follow?**—This is Walgreen's first step outside the United States. No further plans for foreign expansion have been announced, although there are stray reports that the company may

### JEWELRY SALES BOOM



Wartime boosts in income have driven jewelry store sales (highly sensitive to changes in disposable income) steadily uphill. In five years, the jewelry business has tripled, against an approximate doubling of all retail sales. Aside from the increase in income, jewelry has also been favored by (1) its availability, (2) its usefulness in smartening up old clothes, and (3) the shortage of other luxury goods. Rush buying in advance of luxury taxes accounted for the sharp sales peaks in September, 1941, and March, 1944. New retail sales horizons (BW—May 4 '46, p66) augur a continued bright outlook for jewelry.



1. Old-fashioned hospitality was more than liveried coachmen and bewhiskered doormen . . . it was a gracious way of being a host . . . a manner of living that the Statler has kept alive in a hurrying world of taxicabs and revolving doors!



2. And, although you won't find assistant managers bowing to you from behind big white beards . . . you *will* find Statler personnel as courteous and helpful as any of the old school. The Statler is one place where you *really are* a guest these days!



3. Time was when this elevated copper tub was the last word in bathing comfort. What a contrast to your modern Statler bathroom where you steam luxuriously in plenty of hot water, and enjoy an abundance of snowy white towels in surroundings persnikity clean!



4. The upper-berth bed, the corner washstand, and the bed warmer were once comforts provided by a gracious host. This tradition of providing the finest is maintained today in Statler hotels. For instance: the extra-special 537-coil spring mattress that assures you of one of the most res'ful nights ever!



5. Gone are the grapevine chandeliers and curlicue furniture. But the sumptuous meals remain . . . with the full-bodied flavor of old-fashioned cooking. Served, too, with all the graciousness of old. In all the good things the Statler is very, very old-fashioned. But with all the latest improvements. *And we think you'll like it that way!*



HOTELS STATLER IN  
BOSTON \$3.85 BUFFALO \$3.30 CLEVELAND \$3.00  
DETROIT \$3.00 ST. LOUIS \$3.00 WASHINGTON \$4.50

STATLER-OPERATED  
HOTEL PENNSYLVANIA \$3.85 HOTEL WILLIAM PENN \$3.85  
NEW YORK PITTSBURGH

*Enter Sign of Pylae Elbow*

HELP YOUR COUNTRY, HELP YOURSELF  
INVEST IN U. S. SAVINGS BONDS

# 25 NEW INDUSTRIES

locate in

• **RICHMOND**

on San Francisco Bay

during 1945



and the 1946 list is up . . . sharply!

Industry has discovered the Pacific Coast! But more specifically, top industrialists are locating in Richmond—on San Francisco Bay!

During 1945, 25 new concerns established factories or purchased industrial sites in Richmond. And the first 4 months of 1946 have showed a 50% increase over this record.

What's behind this migration to Richmond? The answer to this question is of real importance to *your* business. There's land, for instance. Lots of it . . . and priced at sensible figures. When you consider that Richmond is right across the bay from San Francisco, an ample supply of low priced land means a great deal.

There's unexcelled transportation, too. Richmond's harbor is

the largest tonnage port on San Francisco Bay, and two main line transcontinental railways serve the area.

The list of industrial advantages includes raw materials, labor, productive climate, abundant power! But *all* of the details are included in an easily read, 36-page book—which will tell you why 25 manufacturers selected Richmond during 1945.

## Write For This FREE Book

It's called "Richmond Wins the Peace"—and analyzes every factor of interest to industry. There's no cost or obligation, but write on your business letterhead.



WRITE DEPARTMENT 102

RICHMOND CHAMBER OF COMMERCE

# Richmond, California

Largest tonnage port  
on San Francisco Bay



Largest industrial area  
on San Francisco Bay

make other tries for the Latin American drug jackpot.

One juicy requisite that goes with the retail business is Sanborn's factory in Mexico City. Sanborn's holds the Mexican manufacturing and distributing rights to several major American drug and cosmetic lines which it makes in packages, or jobs in this plant. These include Hind's cream, Listerine, the American Safety Razor Corp. line, and others of comparable prominence. Walgreen, an old hand at manufacturing in the U. S., is also expected to manufacture its private-brand merchandise here.

• **Requirements**—Under a Mexican law applying to all foreign firms, the new buyer must form a Mexican corporation in which at least 51% of the stock is owned by Mexican citizens. Walgreen Co. is expected to hold the legal maximum and protect itself with a long term management contract.

In association with Carlos Troubet S. en C., Mexican securities house, Walgreen paid \$2,500,000 and agreed to retain the present name and operating policy of the stores. Total capitalization of the new firm is reported as \$2,600,000.

Sanborn's has 700 to 800 employees. Under Mexican law the purchaser must retain 90% to 95% of the Mexican workers and at least 91% of total personnel must be Mexican.

• **Show Places**—Opened 43 years ago in Mexico City's first modern soda fountain, Sanborn's evolved into two department stores selling to local citizens and tourists everything from milk of magnesia to antiques of the Aztec Empire. Good Neighborliness, travel hunger and plenty of money in U. S. pockets swell Walgreen's hopes for increased year-round tourist business.

The main store in downtown Mexico City is the "House of Tiles," built in 1596. The store's restaurants, serving Mexican, Spanish, and U. S. dishes, are one of its major attractions.

## HEADING OFF TROUBLE

The theory that food chains have nothing to fear from sound and solvent competition, but might reap a lot of trouble from a wave of independent store failures, underlies a recent booklet of advice to veterans going into business. The chains consider it good business, and smart public relations, to be helpful to these ex-G.I. entrepreneurs.

"Food Retailing Opportunities," published by the National Assn. of Food Chains, reviews the essentials for success as an independent grocer, including capital requirements, personal qualifications and experience, store location and layout, merchandise and buying, and managerial skill required.

It includes a down-to-earth summary of operating costs and earnings. For



ample, the veteran is told that a family-operated store with capital requirements of \$2,000 to \$4,000 and weekly sales of \$400 to \$800 may net the owner, before income taxes, \$48 to \$61 a week, while a medium-volume store involving \$3,800 to \$8,500 of capital and with weekly sales of \$1,000 to \$2,000 may net him \$68 to \$110 before taxes. It is emphasized that less successful proprietors would have lower earnings.

The booklet does not attempt to dissuade veterans from entering the retail business, or to persuade them to seek chain store employment. It does point out that some may conclude that they do not have the experience to give them a comfortable assurance of success, and that "There is still another opportunity in food retailing open to a large number of veterans—that of employee."

## SUPERMARKET FLOWERS

The Dept. of Agriculture is tipping supermarkets off to something else they might profitably add to their ever-lengthening list of things-to-sell: cut flowers.

Agricultural experts estimate that the total sale of flowers last year amounted to about \$400 million, but that this figure could be stepped up much higher by prepackaging, additional sources of supply, air transport, self-service, and lower prices. Field-grown (as against greenhouse) flowers would be adequate for the supermarket trade.

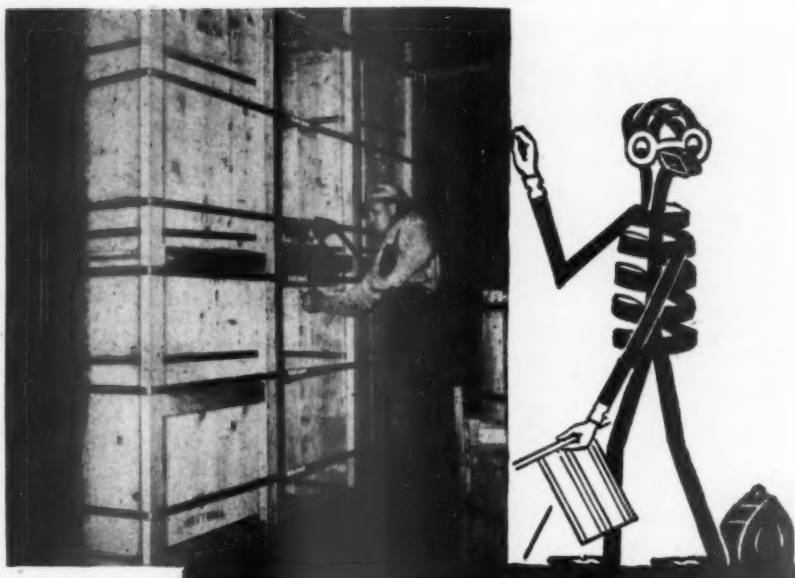
Already one supermarket is doing a big business in flowers: Penn Fruit Co.'s mammoth new supermarket in Philadelphia (BW—Apr. 20 '46, p. 79). If others follow suit, says the Agriculture Dept., packaging and transportation problems can be tackled more readily, and growers would adjust prices downward because of a year-around, assured sale.

Regular flower dealers won't suffer if the supermarkets get into the picture, says the department. Their higher-priced, higher-quality product would still be the prime source of supply for formal occasions. Anyhow, the agriculture prophets foresee greater public interest in flowers if more outlets open to them.

## C CITES TONIC MAKERS

Turning its attention to hair preparations, the Federal Trade Commission last week cited two of the industry's names—F. W. Fitch and R. B. Kaler (Kreml).

In a complaint against Fitch, the FTC charges that Fitch shampoo's slogan "Don't despair, use your hair, save your hair, use Fitch shampoo" is false in that Fitch won't save



Bracing carload shipment . . . Acme Unit-Load method.

Doc. Steeltrap

- Carload shippers—you can reduce damage claims, increase good will, add to your profits by bracing cars with Acme Unit-Load Band. Look into Acme methods—the "floating load," the "anchor load" and others tailor-made to fit your needs.

*Bound to get there—*  
WITH ACME UNIT-LOAD BAND

NEW YORK 7

ATLANTA

CHICAGO 8

LOS ANGELES 11

ACME STEEL COMPANY

CHICAGO

## How to start YOUR OWN BUSINESS and stay in business

What does it take to start your own business, right, so that you can make a go of it? Here are the answers—a really informed, authoritative book by a business and marketing consultant of international reputation, outlining for you the things you want to know, the things you have to do, to go into business for yourself with every possible chance for success!



## Going Into Business for Yourself

By O. FRED ROAST

Editor, Wholesaler's Salesman

334 pages, 5 7/8 x 8, 19 illustrations, \$3.00

Starting from scratch by helping you decide the business to which you are best suited, this book guides you step by step through the problems of financing, legal aspects, choosing the location, bank dealings, records, insurance, etc., and gives sound, constantly helpful pointers on buying and selling. Finally, it gives actual thumb-nail sketches of performance records in twenty-four types of businesses that have proved to be successful.

AMERICAN BUSINESS says: "Containing more factual information of value than ten ordinary books on this subject this 334-page volume tells more about retailing than any other book we have ever read... the book gets down to cases right at the jump-off and from there on every page contains something the man going into business ought to know—and something which only about one in ten actually does know."

See that you know what all these key points are the facts and steps that are vital in settling each question the important cautions to observe, with the aid of this practical book.

It covers everything, from what licenses you need to Social Security essentials, from how much rent you should pay to hints on buying. Read it for the guidance you need in protecting your investment and giving yourself the best chance for success in the increasingly scientific, competitive, and regulated field of business proprietorship.

Send for Roast's **GOING INTO BUSINESS FOR YOURSELF** today, for 10 days on approval. It will help you to make "going it on your own" certain to be an interesting adventure, perhaps the greatest adventure of your life!

### Simply mail this coupon

McGraw-Hill Book Co., 330 W. 42 St., New York 18  
Send me Roast's **GOING INTO BUSINESS FOR YOURSELF** for 10 days' examination on approval. In 10 days I will send \$3.00 plus few cents postage or return book postpaid. (Postage paid on cash orders.)

Name .....  
Address .....  
City and State .....  
Company .....  
Position ..... BW-6-8-46

hair. The commission also charges that Fitch's will not permanently remove all dandruff, as the money-back guarantee implies.

Semler has been ordered to cease and desist from selling Kreml on the condition that distributors are not to handle competing hair tonics. Simultaneously, the company has been told to drop advertising claims to the effect that Kreml will check falling hair, prevent baldness, normalize excessive dryness or oiliness, and relieve certain other disorders of scalp and hair.

The hair preparation business currently is getting an important newcomer: Trim, marketed by the Pepsodent division of Lever Bros.

## CANNED MEAT FOR BABY

Two months ago Swift & Co. quietly began try-out marketing of a canned all-meat baby food developed by its laboratories during a three-year experimental period. Commercial significance is that Swift's brand-new outlet for packing house products gives it the jump on competitors.

Test marketing is under way at Akron, Evansville, Flint, and Worcester. At Akron the new line is handled by independent grocers, by A. & P., and by Acme Cash Stores' 63 units in north-eastern Ohio—but not by Kroger. Stores report excellent consumer acceptance.

Named simply Swift's meats for babies and juniors, the new item—ready to serve when heated—comes in six varieties and two sizes. There are beef, beef liver, calf heart, lamb, pork, and veal. The strained foods, for infants, are in 3 1/2-oz. cans, retail in Akron chain stores at 14¢. The diced foods, for young children, weigh 5 oz., sell for 18¢ in Akron. The sizes are designed to provide two average servings.

Swift emulated the milk canners, before offering any for sale, obtained for its canned meat the approval seal of the Council on Foods & Nutrition of the American Medical Assn.

Swift believes that this is the first time a manufacturer has made an all-meat food for the nursery trade. But, despite this head-start and the enthusiastic reception given the product by consumers in the four test towns, the company is currently in no position to reach for the national market. Reasons: shortages of meat and of tin cans.

## P.S.

The mystery of which out-of-town retailer was dickering for Pittsburgh's old city hall (BW—May 25 '46, p86) has been solved. Contrary to speculation (which favored Lord & Taylor), the purchaser is the W. T. Grant limited price variety chain. It bought the city hall property and two adjoining sites as well for about

## Baby Foods Thrive, Too

Baby food production, which expanded 777% during the war, will increase another 20% this year, a Dept. of Commerce study indicates. The 20-year-old industry produced 106,581,000 dozen cans last year, worth about \$100,000,000 and representing 3.5% of all canned fruits and vegetable sales.

• The war-increased birthrate was not exclusively responsible for the jump, though it was an important factor. Other causes were (1) high wartime incomes, (2) increased use of baby food by working mothers, (3) increased consumption by invalids and old people when other canned foods were rationed.

Baby foods escaped many of the restrictions imposed on other processed fruits and vegetables and were rationed for only 15 months.

Prices have dropped steadily over the years. In 1929 baby food retailed for five cans for \$1; currently it's a dozen cans for 80¢ to \$1.

\$2,000,000. Now the guessers are wondering what Grant intends to do with that much space, unless it intends to lift itself into the department store class.

Self-service merchandising of toys and parts is being plugged by RCA as a sales booster. RCA has designed a line of 22 self-service units which can be used singly or in combination. They will be sold to RCA merchants at a "downhill" principle—that is, a price which slides a new package into place whenever the customer removes one.

Drug chains are expanding. What is adding 30 stores in southern California while United-Rexall has acquired 21-unit Renfro chain in Texas.

R. H. Macy, Manhattan, is opening a department that will handle super radio equipment exclusively. It is supposed to be a "first," and is staffed with sales people who understand radio "ham" and his requirements.

Arthur B. (Mickey) McBride, one of the Cleveland Browns football team and principal owner of both Yellow Checker Cab of Cleveland, is again making denials that he is backer of the Cleveland Sunday Sun (BW—May '46, p82).

It won't affect the cost-of-living index, but B. Altman, Manhattan, is turning "exquisite French lingerie, one-of-a-kind slips designed for petite woman 5' 3" and under." Price \$69.50 to \$265 apiece.



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# LABOR

## Cloud Appears in Auto Peace

Chrysler local's call for new wage demands is unlikely to precipitate action by union, still finding resistance to 18½¢ formula. Industry-wide wage contract is U.A.W. objective now.

A demand for higher pay rates is beginning to stir among the rank and file of the C.I.O. United Automobile Workers Union, and the officers are not entirely happy about its appearance at this time.

A sampling of grass roots feeling trickled out of a recent discussion of rising living costs at a membership meeting of Chrysler Local 7. The culmination was a motion—easily passed—that new pay raise demands be made.

• **Serves a Purpose**—The local's announcement of this position created a flurry of excitement, growing out of some belief that a new wage drive was being kicked off even before the 18½¢ program was completed.

Chrysler signed an 18½¢ wage raise agreement early this year (BW—Feb. 2 '46, p15), pay provisions of which can be reopened on 60 days' notice. But re-

opening is hardly likely. The top officers of U.A.W. are still working hard trying to mop up the pockets of resistance in the way of uniform 18½¢ success. They feel that any followup now on Local 7's action might hinder their cleanup moves elsewhere.

Of course the demand served a useful purpose for the union as well, providing, as it did, an opportunity for the officers to point out that wage demands originate within the membership, and that the officials are merely the instruments for realizing membership-inspired programs.

• **Packard Still Bargains**—The Chrysler local motion was slated for little consideration, if any, at a special meeting of U.A.W.'s board late this week at Cleveland. Indications were that other more general phases of the wage picture would be discussed.



### LONGSHOREMEN REHEARSE FOR SHOWDOWN

C.I.O. longshoremen in Seattle took a 30-minute warmup for the nationwide shipping strike of the Committee for Maritime Unity (BW—Jun. 1 '46, p90) when they halted all waterfront activity to sign protest petitions (above) against President Truman's proposed antistrike legislation. The C.M.U. strike threat gained international proportions when maritime brotherhoods urged World Federation of Trade Unions to support them by refusing to work government-manned ships which C.M.U. declared "scab." This was to counter Truman's proposal to move ships with government personnel if crews quit.

Reports prepared for the board meeting show that all the automobile makers have met the 18½¢ wage line except Ford, which paid 18¢, and Packard, which has promised the full amount which is still negotiating other clauses in its contract.

Most of the major parts companies have also settled for the full 18½¢ including Briggs, Bendix, Midland S. Timken Axle, Eaton Mfg., and others. Probably no more than a dozen agreements in companies of any size have been approved at lower levels than the locals involved, and in no case the international board sanctioned one of these.

• **Scale for Industry**—In some such cases union officials admit there are grounds for lower wages—sometimes sheer inability to pay, more often pay schedules already well above competitors. To avoid the problem of approving rates below the official level, the union is expected to move shortly to a new ground for wage determinations which will not only settle the problem of exceptions, but also satisfy other basic union objectives.

The means of doing this will be industry-wide wage scales. Plans are being forwarded to draft pay ranges, with emphasis on minimums, applicable throughout the auto industry without reference to competitive situations, geographic differentials, or other conditions.

• **Union Objectives**—For the most part the companies which have arrived at local settlements under 18½¢ will find within the approved ranges of new across-the-board scales, and so obtain international board approval.

Beyond that, industry-wide pay scales will dovetail neatly with recently announced auto union policy of negotiating wage agreements separate from other provisions in bargaining contracts (BW—May 11 '46, p90). If the union can bring all wages within the auto industry into balance, then it will be in a better position to argue for separated negotiations.

And the plan links up with another union objective sought over an even longer term—the general industry-wide contract. Uniform adherence to standard wage scales would be a substantial step, though definitely only one, toward a master agreement covering every auto industry plant.

### TO PROBE DETROIT ROW

A one-man grand jury began to take its way in Detroit this week into a maze of activities undertaken by the A.F.L. teamsters union to organize neighborhood butchers and grocers.

Indications were that the jury might investigate all phases of reported intimidation, extortion, and other activities involved in labor moves in the Detroit area.

area. Already Detroit's small tile contractors have asked the jurymen, George Murphy, to look into their troubles (BW-Jun. 1 '46, p106).

Meanwhile, the teamster drive on the grocers was stopped in midair, the result of a broad injunction forbidding it virtually any kind of organizing campaign action. The temporary injunction ob-

tained by the grocers was continued after a brief court hearing.

The abortive drive of the teamsters had repercussions in other quarters as well. The membership of the Detroit Retail Grocers Assn. ousted its executive secretary, Louis Shamie, after complaints about his handling of negotiations with the teamsters union.

## THE LABOR ANGLE

### Petrillo

The current strike of the American Federation of Musicians against Chicago's little independent radio station WAAF is not to be written off as another piece of Petrillo whimsy.

The boss of A.F.L.'s musicians' union is demanding that the station increase the number of record handlers it employs from three to six. That isn't anything unusual for Petrillo. What makes the event notable is the fact—acknowledged even by Petrillo—that a strike to back up that demand is now a violation of federal law.

Under the Lea Act, fresh on the statute books, Petrillo is liable for a year in jail or a \$1,000 fine for trying to "coerce, compel, or constrain" a broadcaster to hire more employees than he needs to perform actual services. This, together with a half dozen other provisions of the Lea Act, is designed to shear Petrillo of some of his admittedly great power over the radio industry. The Lea Act, like the Case bill which was on the President's desk this week for his signature or veto and which is fervently supported by a large section of the business community (page 5), is an effort to curb by legislation practices of labor unions considered inimical to the public interest.

### Illegal

The strike against WAAF—pointless, in terms of achieving the announced demands—is a clear defiance of the law. Petrillo has called it only to take the question of the Lea Act's constitutionality before the U. S. Supreme Court where he confidently expects to have it declared invalid.

But the outcome of this test is incidental—a law directed against Petrillo or against labor unions generally can be drafted so that it will survive a Supreme Court test. What is of great importance is a fact of which trade papers in Petrillo's in-

dustry seem just now to be becoming aware. This is that, as long as Petrillo has all the country's musicians solidly behind him, the law which will really tie a can to him hasn't yet been thought of. And if the Case bill becomes law, industries outside of Petrillo's jurisdiction may shortly find that what's true of Petrillo is equally true of John L. Lewis, Philip Murray, and the whole galaxy of labor leaders.

### Uncoerced

Suppose the Lea Act proves to be constitutional. Petrillo can go to jail for demanding that three more record handlers be employed at, say, \$15 a day. No one has suggested, however, that a labor leader should be punished for demanding a wage increase for his constituents. Petrillo will simply demand a \$20-a-day wage increase for three of his members already employed. The great power his A.F.M. has, which the Lea Act implicitly acknowledges and which it sets out to curb, will be directed at increasing payrolls more than they would be raised if additional employees were hired.

Under these circumstances, employers cornered by A.F.M. strikes and concerned to keep down the cost of their operations will be sorely tempted to propose "voluntarily" that, in lieu of a better-than 100% wage increase, the work force be doubled. The employment of more workers than needed under such circumstances would not be coercion at all; it would simply be Petrillo generously acceding to the wishes of an employer.

It is pretty much a pointless business to try and seal up loopholes in a labor law, as the thoroughly perverted Connally-Smith Act exemplifies. A daring labor leader, advised by shrewd lawyers and directing a highly disciplined rank-and-file, doesn't have to look for loopholes in something like the Lea Act or the Case bill. He just turns the whole thing inside out.

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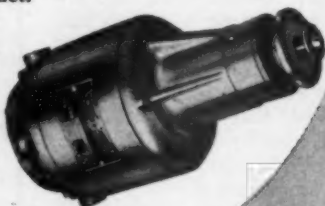
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## Seniority Issue

Congress is expected to pass law relieving employers of liability for abiding by Hershey ruling on superseniority.

While employers still studied the implications of the U. S. Supreme Court decision on superseniority for veterans—in which the supremacy of their rights over contractual seniority provisions established in union contracts was denied (BW—Jun. 1 '46, p104)—Washington developments this week put the whole problem in a different light.

• **Legislation Expected**—Congress is expected to pass a law relieving employers of any liability for abiding by (1) the superseniority interpretation of Selective Service Director Lewis B. Hershey, (2) a court decision or an arbitrator's award which differed from the Supreme Court's clarification of the Selective Service Act.

The House already has passed and sent to the Senate a bill sponsored by Rep. Walter G. Andrews (R., N. Y.) covering these points. The Senate has had before it a similar bill by Sen. Charles McNary (R., S. D.). An additional provision in the McNary bill would protect employers only for actions taken before the Supreme Court's decision was handed down May 27.

• **To Delay Cases**—All U. S. district attorneys, who are required under law to prosecute rehiring claims of veterans, have been requested by the U. S. Attorney General's office to hold up action on pending cases.

Only one veterans' organization, the American Legion, has expressed the possibility of asking Congress to upset the Supreme Court's decision by enacting legislation giving veterans superseniority rights in their jobs. The question may be taken up at a legion executive committee meeting in Indianapolis.

The Veterans of Foreign Wars and the American Veterans Committee do not go along with Hershey's superseniority interpretation, although the Wayne County (Detroit) council of V.F.W. has favored it and is asking for a change in the V.F.W. national position. A.V.C. feels that full employment rather than superseniority is the better answer to the veteran's job problem.

• **Members Polled**—Disabled American Veterans and American Veterans of World War II took no stand on the issue. The question is included in an opinion poll which A.M.V.E.T. is currently conducting among its members.

D.A.V. is trying to get employers and unions to give veterans seniority credit for time spent in the armed services whether or not they previously worked



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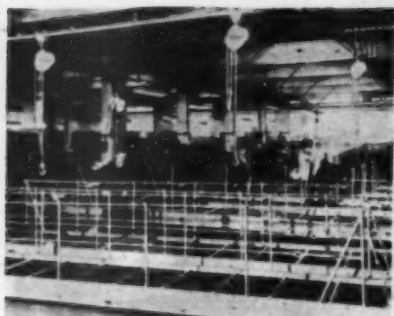
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for the employer, and to include the one year allowed by law for hospital cases and any training period the veteran may require to overcome disability.

• **Value Is Doubtful**—Some representatives of veterans organizations have concluded that superseniority would be applicable to only a small percentage of veterans (one estimated it at only 0.01%) and is not much protection, since it is only good for one year. It was pointed

out, for instance, that superseniority would not apply to the many veterans who had no jobs when they entered service, or to those whose normal seniority, including time spent in service, would entitle them to their job.

As one organization official said: "Superseniority is of help only when employment in the plant falls below what it was when the veteran was employed."

## How One Union Uses Its Welfare Funds

If John L. Lewis' United Mine Workers had started financing a welfare program last year at the 5¢-a-ton rate provided in the new coal contracts, the industry's 1945 output of 574,163,000 tons would have created a fund of \$28,708,150. It is estimated that bituminous production for the next twelve months will run close to the 575,000,000-ton figure, and the industry conservatively calculates that the first year of collections will give the miners a \$25 million welfare kitty.

A look at the welfare program of A.F.L.'s International Ladies Garment Workers Union provides clues to how this money will be spent. Lewis has referred to the I.L.G.W.U. program frequently, and his aides have studied it as a possible model for a comparable plan in the coal industry.

• **Coordinated Plans**—The program of the I.L.G.W.U., although under the single direction of Adolph Held, formerly president of the Amalgamated Bank, is really a number of programs, each financed by a separate contract covering a different branch of the women's wear manufacturing industry. These contracts provide either a 3% or a 4% tax on payrolls paid directly by employers into the union welfare fund. What union members in different branches of the industry get from the fund differs in some details, but benefits are fairly uniform.

More than twenty years ago, the I.L.G.W.U. established the Union Health Center in New York City for its members, financing it out of the union treasury. The union's interest in welfare has never flagged since. Only three years ago it wrote its first contract providing for employer financing of a welfare program, and since then it has written similar provisions into contracts covering its entire field of jurisdiction.

• **Benefits**—The I.L.G.W.U. fund is expected to collect about \$22 million this year while expending \$16-

million. The unexpended \$6 million will go into a reserve which is, at present, close to \$16 million. The reserve is being built to cover three years' budget, and when it reaches that level benefits will be increased.

The important benefits and services an I.L.G.W.U. member gets from the welfare program include a \$25 to \$50 (in inverse ratio to weekly earnings) cash payment when his vacation begins; sick benefits varying from \$12 to \$15 per week for 13 weeks; a \$3 to \$5 daily hospital bill allowance up to 60 days; a \$50 allowance for surgery bills; a \$50 maternity benefit; a free optical examination every two years; special payments to tuberculars up to \$250 a year; diagnostic care and physiotherapy at the Union Health Center; a retirement allowance of \$50 a month beginning at the age of 65; and \$150 for funeral expenses upon death.

• **Too Expensive**—Some of the I.L.G.W.U. programs began by also providing dental care. This feature was abandoned because of its prohibitive cost (averaging \$30 a year per member). Before the year is out, however, provisions will be made for diagnostic dental care.

The I.L.G.W.U., which does not share the administration of the fund with employers, has some 3,000 representatives of its health program in shops throughout the industry. They are continually briefed on news of the program and keep the rank-and-file member aware of the facilities and benefits at his command.

• **Other Systems**—Although other unions have welfare funds covering somewhat the same range of benefits as the I.L.G.W.U., few make them such an integral part of union activity. The Amalgamated Clothing Workers (C.I.O.), for example, has its own insurance company handling the welfare fund. The waiters union, the upholsterers, and the hotel workers use their funds to buy welfare insurance coverage from private companies.

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## Basic Tire Pact

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The rubber industry, unique freedom from paralyzing strikes V-J Day, is witnessing a new maneuver. C.I.O.'s United Rubber Workers of America, having failed to get the industry's Big Four to corporation-wide bargaining, is now trying to win the same objective through uniform contracts.

To date, master contracts have been drafted by eight locals of B. F. Goodrich Co., 17 locals of United States Rubber Co., and seven locals of Firestone & Rubber Co. Leaders of Goodyear & Rubber Co. locals were meeting in Akron this week to frame a basic agreement.

• **Company Uniformity**—While gaining will be by plants, U.R.W.A. unit has been urging international officers to insist on company uniformity in such matters as union security, sick leaves, vacations, hours of work, job opportunities for veterans, and wages—as in autos (page 86) are now the subject of new local demands.

At the same time, U.R.W.A. recognized that there may be need to adapt a contract to local conditions.

Union strategists argue that the master contracts will go far toward ending the industry and will prevent company's playing off employees part of the country against the other.

• **Shining Example?**—Although outsiders, impressed by the success of February's Washington wage increase, have acclaimed rubber as a example of labor peace, insiders see a more realistic view.

Those close to the industry know, for instance, that there have been a number of wildcat strikes in the last months—some lasting only two or three hours—even though there has been no major walkout, and no stoppage of production by the international.

Looking behind the scenes, observers find unaltruistic reasons for the strike of the unprecedented Washington wage increase.

• **Restraining Influences**—Three stand out: (1) that the union is in no position to finance a long strike that management, eager to cash in on the avid market for tires, was prone to make concessions; (2) that the union, in effect, had had their

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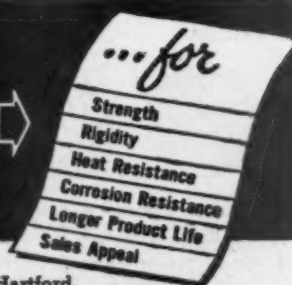
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done by proxy in the long fight between General Motors and C.I.O.'s Auto Workers.

U.R.W.A. headquarters has been hard up of late that it has had to calculate to make the union membership receptive to the preaching of Leland S. Buckmaster, U.R.W.A. mild-mannered president.

Buckmaster has consistently advocated continuity of employment as the best means of serving the interests of the union's 200,000 members, so as methods short of striking will be used.

● **Bent on Production**—The employment of last summer's major strike at Goodyear and Firestone, were more interested in production than a showdown with the union. It was made when the industry's four big setters sat down for the first time to bargain with the international.

Still more history was made with all eyes on what had happened in the General Motors impasse, a showdown was averted. Smaller companies and their unions fell in line, and making escaped a major interruption.

## T.W.U. LOSES IN BUFFALO

C.I.O.'s Transport Workers Union has given up, temporarily at least, its efforts to take over bargaining rights from the A.F.L. at the Buffalo International Railway Co. After a long and sound drubbing in two years of hands of the Amalgamated Association, Street, Electric & Motor Coach employees, the T.W.U. stepped out as long as A.F.L. "does a job for employees."

T.W.U. petitioned for an election recently at the Buffalo I.R.C., but was outmaneuvered when the A.F.L. successfully pressed for quick determination of a collective bargaining agreement. T.W.U. found itself with only a few weeks to prepare for the vote. Michael Quill, national president, stepped to the scene for personal direction of the union's campaign.

Confidently, the A.F.L. union is talking contract terms with the company, while the C.I.O. charged with the loss.

George W. Fugitt, who broke a riotous I.R.C. strike in 1922 and served as industrial relations expert for the company until 1945, was asked by both unions. No longer with the company, Fugitt interceded to get workers to vote for C.I.O. representation. Fumed Quill, "He's the hated man in transport history and support is a kiss of death conspiring against the company and A.F.L." He said the C.I.O. would protest, if defeated, that ground. But after the votes were counted (A.F.L. 1,152; C.I.O. 578) threatened protest did not materialize.



## Lewis Still No. 1

Even more active role for veteran labor leader is foreseen after his smashing victories in the soft coal strike.

Labor's most successful operator, John Lewis, did not rest on his triumphs this week. After winning a smashing victory for his United Mine Workers in the bituminous fields, he personally took over negotiations in New York City with the anthracite mine operators in an effort to end the hard coal strike on equally favorable terms.

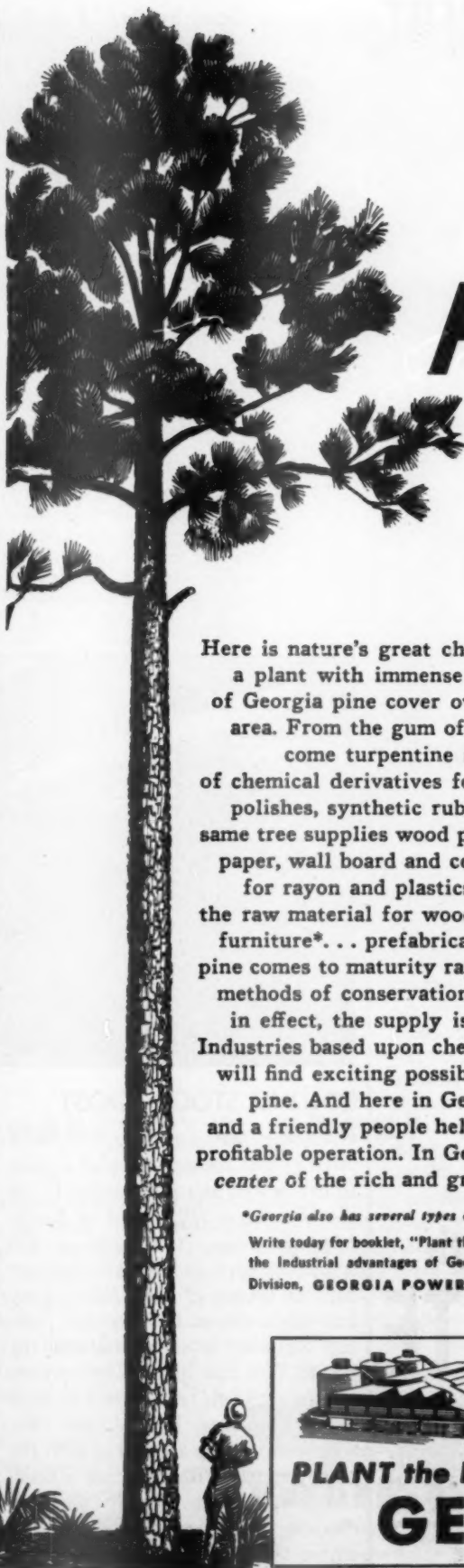
**More Active Role**—This somewhat unusual procedure for Lewis, whose habit is to handle soft coal disputes himself and leave a carbon copy settlement in anthracite to be worked out by his subordinates, has led to mixed reactions in the labor movement. There is general agreement that it means Lewis will not return to the virtual retirement which kept him remote from general labor affairs after his exit from the C.I.O. in 1941 and until his return to the A.F.L. this year. By acting personally to consolidate his victory in coal he signifies that he will play a more active role in the future.

This development delights his A.F.L. colleagues who see him as a formidable leader of anti-C.I.O. labor forces—particularly effective in the C.I.O.-A.F.L. competition in the South. For exactly the same reason it is an unhappy prospect for the C.I.O. which counted on his age (66) and his uncertain state of health to keep him on the sidelines.

Although his qualities as an organizer would in any event make him a rival to be feared, his unprecedented gains in the bituminous coal strike which ended last week add immeasurably to his stature as a labor leader.

**What Union Gets**—His contract with the government, which the operators will have to accept before they get their properties back, provides: an 18½¢ an hour wage increase boosting daily pay from \$10 to \$11.85 and making weekly pay for the prevailing 6-day work-week \$75.25; a 5¢ royalty on each ton of coal which will provide a tripartite-administered miners' welfare fund expected to accumulate at about a \$25,000,000-a-year rate (page 92); a hospital fund administered solely by the U.M.W. from present payroll deductions handled now by the operators; vacation pay boosted from \$75 to \$100 in lieu of actual time off; conformance to a Bureau of Mines safety code to be issued within 30 days.

Also, compliance with all state workmen's compensation and occupational disease laws whether elective or com-



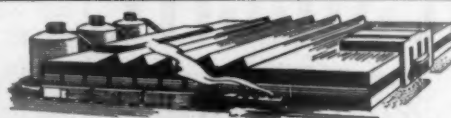
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pulsory; mandatory handling of all discharge cases within five days; the mine foreman unionization problem to be handled under the terms of National Labor Relations Board rulings (which means that the supervisors' branch of the U.M.W. will have to be accorded bargaining rights); retroactivity of all terms to May 22, the date of federal seizure.

• **New Par to Shoot At**—These and other benefits were the fruits of a daring strategy which depleted the nation's coal stocks to the danger point (page 17). Lewis, saved from greater unpopularity because of the public preoccupation with the rail strike, could still be appeased by the Administration without too great a political risk. Thus was established a new par for the 1946 labor course which gives every other labor leader something to shoot at.

The Administration, which called the 18½ hourly increase standing by itself a "bulge" in the economic stabilization line when it came in steel, has still to pronounce a comparable euphemism with which to disguise the character of the unmistakable Lewis breakthrough.

## Tubes Test a Law

In fact, strike tie-up of Hudson & Manhattan R.R. looks very much like another coffin nail for Railway Labor Act.

Suspension of Hudson & Manhattan Railroad service under the Hudson River between New York City and New Jersey because of a new strike of railroad engineers and trainmen had commuter transportation snarled again this week.

More importantly, it drove another nail into what might turn out to be a coffin for the Railway Labor Act, until recently highly touted in Congress as a model for federal labor relations legislation.

• **Management Balks**—Crews on H. & M. tube trains, which carry 115,000 commuters daily from New Jersey railroad terminals to jobs in New York, struck on Memorial Day when management balked at giving them the 18½



## ROLLING STOCK ROOST

Obtaining new employees these days often entails assuring them of a place to live as well as a place to work. At the Waukegan (Ill.) plant of Johns-Manville Corp., this problem was solved in part and on a temporary basis by leasing 13 discarded sleeping cars (above) from Pullman and parking them on a siding outside the plant. The cars house 234 workers, one to a section (right), two in each room. Plumbing, heating, and electrical connections are tied in with the plant's system. "Renters" pay a small charge to cover laundry and car cleaning costs, use the shower facilities that are available in the plant.



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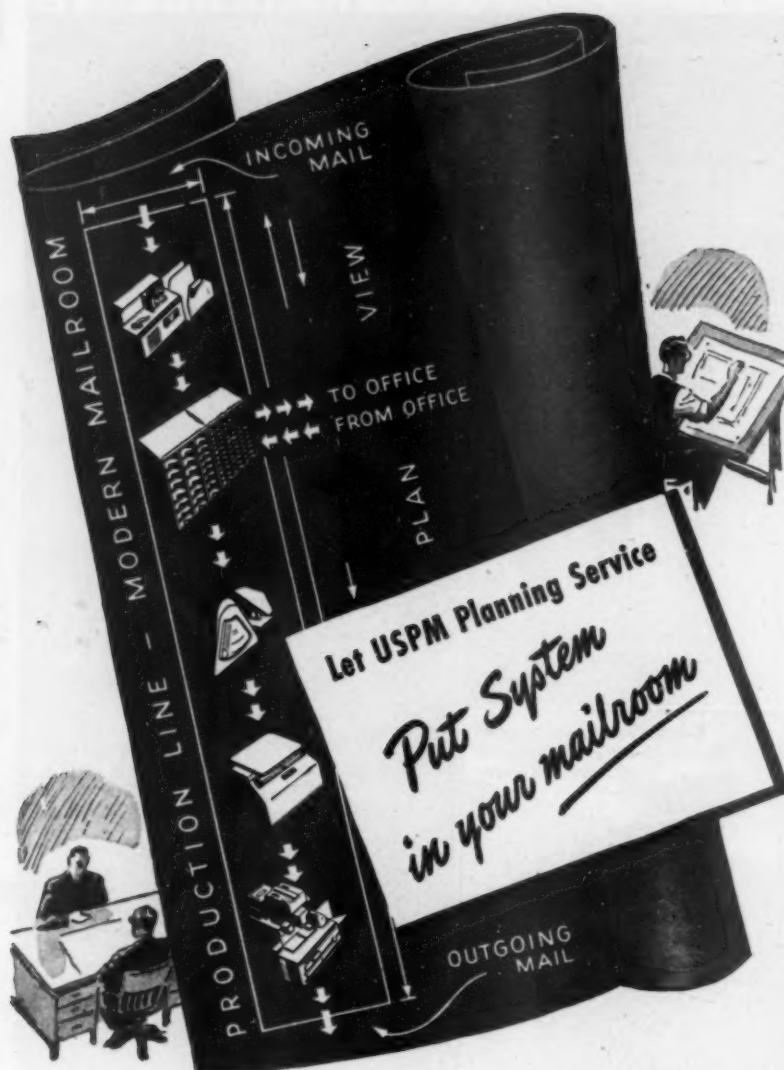
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hourly raise provided for in the recent nationwide rail strike settlement (BW Jun. 1 '46, p15). The company contended that, although it was seized, and strikebound, with other railroads, it did not participate with them in the settlement and consequently should not be bound by terms of the government forced agreement.

It also argued that it should not be classified with other interstate carriers since it is strictly a subway-type electric operation and carries no freight.

• **A Loose End**—The walkout immediately revealed a loose end left in the national rail settlement by President Truman's prompt release of 337 seized properties without obtaining management commitments to abide by the settlement terms. At midweek, the railroad National Mediation Board still had found no way to gather up that loose end.

H. & M. strikers launched a new attack on the Railway Labor Act by (1) striking after President Truman named a fact-finding panel to study the dispute, and (2) by refusing to accept "invitations" to appear before panel hearings.

• **Act Is Disregarded**—Under provisions of the law, the President's appointment of an emergency board—twelve hours before the strike was called—should have stayed the trainmen's walkout for 60 days, 30 for fact-finding hearings and another 30 for preparation of recommendations on the dispute.

But the H. & M. trainmen, reflecting growing distrust of the Railway Labor Act, flatly refused to acknowledge the board's authority. Their position was that their dispute with the H. & M. had been considered at the same time the fact-finders reviewed the national dispute. There were no further facts to be found, trainmen argued.

The unions' rejection of the dispute settlement procedure of the Railway Labor Act left the National Mediation Board against a blank wall.

• **Penalties Are Lacking**—The act provides no penalties for workers' failure to continue on the job after designation of an emergency board, nor for the failure of labor leaders to participate in fact-finding hearings.

The best board members could do immediately was to hazard a rather weak hope that the position of local union leaders would be overruled by chiefs of the parent brotherhoods. These, already bitter over results of federal intervention in their national strikes at midweek backed their locals, and refused to rescue the National Mediation Board. Their only comment was that the dispute with H. & M. was strictly "a local affair."

• **How Local?**—There was some doubt, however, just how local the H. & M. test might turn out to be. As of June

the recent (BW) company was seized, and roads, it did not settle the government could not be carried type election. But immediate left in the President 337 seized management by the week, the road still had that look

And in Washington, where labor legislation is still receiving heated consideration (page 5), repercussions of the H. & M. situation are sure to be heard as support for recent congressional arguments that past successes of the Railway Labor Act have been due not to the letter of the law but to the willingness of management and unions to heed its spirit.

## ONE C.I.O. IN TEXAS

Officials of the Texas Fight for Free Enterprise, Inc., movement, which has clashed frequently with organized labor, have received a rebuff in the courts for their attempt to take over the name of the Congress of Industrial Organizations (BW—Nov. 10 '45, p. 108).

The Free Enterprise group sought to incorporate its C.I.O. as an association of industrial groups for educational purposes. It sought also to enjoin any other use of the name or initials C.I.O. in Texas. Its action was based on the fact that the union C.I.O. never took out official papers of incorporation in Texas.

This did not prevent Judge Bruce of Fort Worth from ruling out the coup, and permanently enjoining use of the name or initials of the labor union by the Free Enterprise group. The judge held that the state charter sought for the "educational" C.I.O. was for the purpose of "smearing the name of the labor organization if not to destroy it, and to confuse the people of Texas with respect to the name of C.I.O."

## WORKERS GET \$500,000

A lump sum annual wage increase amounting to \$500,000 has been approved in contract negotiations between the Louisville Ry. Co. and the Transit Workers Union (C.I.O.), to avert a threatened strike of 960 operating employees of the transit system.

Of the total, \$51,000 is to be earmarked for pensions, \$5,000 to correct "inequities" in the maintenance department, and \$7,500 for other contractual adjustments. The remainder, \$465,000, is to be used to raise workers' pay 17¢ an hour, from 86¢ to 1.03. The Louisville T.W.U. local described the increase as an aggregate 17¢ an hour, one of the largest granted far in the industry.



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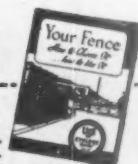
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## Federal Threat

Schwellenbach tells disputants in farm equipment strikes to resolve differences or face government seizure of plants.

Plagued by farm machinery shortages in its campaign to get record agricultural production, the government this week stepped into the two major remaining farm equipment strikes. Immediate resumption of work at seven Allis-Chalmers Mfg. Co. plants and two J. I. Case Co. production units was demanded, with Secretary of Labor Lewis Schwellenbach giving disputing parties the alternatives of hammering out agreements directly or of submitting to federal seizure of properties.

• **Earlier Disputes**—Since last August, when Deere & Co. plants were struck, walkouts have affected operations of six of seven major farm equipment companies. Deere & Co., Oliver Corp., and International Harvester stoppages, of five to 13 weeks' duration, ended in new agreements. The Harvester settlement provided for an 18¢ hourly increase (BW—Apr. 20 '46, p94); others were approximately the same.

Of the seven big producers, only Massey-Harris has not been closed by strikes in its plants.

The Case stoppage began Dec. 26, 1945, when United Auto Workers (C.I.O.) employees walked out after collecting a Christmas bonus (BW—Jan. 5 '46, p100). About 4,000 workers in two plants were directly involved. Two other Case operations continued.

• **Almost Complete**—Allis-Chalmers' strikes started on a small scale in mid-March. Two months later, when workers in the big West Allis plant at Milwaukee walked out (BW—May 11 '46, p94), seven of the corporation's eight plants were strikebound. Only the minor Oxnard (Calif.) operation, with 60 production employees, remained open. About 30,000 production employees, members of three C.I.O. unions (the U.A.W., United Electrical, Radio & Machine Workers, and Farm Equipment Workers), were on strike. They coordinated their fight against the company through their Allis-Chalmers Workers' Council.

Minneapolis Moline Power Implement Co., sixth major producer, was struck Apr. 30 by 3,000 U. E. employees in a dispute over an incentive plan and other contract issues.

The Case strike was criticized by Schwellenbach and Secretary of Agriculture Clinton Anderson as a serious threat to farm production. The labor secretary heaped the onus on the company with charges that management

consistently refused to cooperate with the government conciliation service, confer in Washington, or to name twelve persons acceptable to the company as arbitrators.

• **Charges**—Allis-Chalmers, according to Schwellenbach, also refused to bargain in good faith by delegating to lesser officials—unable to make collective bargaining agreements—the task of negotiating with union representatives. The company appointed H. W. Story, president and general counsel, to a committee to counteract this argument.

The charges were made—with an ultimatum—after Schwellenbach took time off from a speaking engagement in Milwaukee to intervene personally in the two disputes.

The labor secretary's interest spurred by increasing pressure from Agriculture Dept. and from farmers who, despite the industry's high wartime production (BW—Jun. 1 '46, p29), were short of money for their dream tractors and combines—and a real need for new equipment—couldn't get any. They testified that the Oliver strike had



## FINDING FACTS BY AIR

Presidential fact-finders in the dispute between the Air Line Pilots Association (A.F.L.) and Transcontinental Western Air (BW—May 11 '46, p10) over how much pilots' average \$706-a-year take-home pay should be raised when they switch from two-engine to four-engine planes took the air to see the difference in operating DC-3's and heavier ships. The briefed, board members (in ascending order) Michigan Supreme Court Justice George Bushnell, Dr. John Lapp, industrial relations consultant and William M. Leiserson, former National Mediation Board chairman resumed ground hearings.



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one-third of the company's scheduled \$60,000,000 output for 1946, and that the Harvester strike had cost an estimated 33,800 tractors, 26,400 mowers, 11,800 hay rakes, 3,600 pickup hay balers, and large quantities of smaller implements. Continued strikes at Case and Allis-Chalmers—which already has lost production of 5,000 combines—would jeopardize chances to produce quota harvests, they said.

• **Third Party**—Most active of the protesting farm groups was the prolabor National Farmers Union, whose president, James Patton, named a "Farmers' National Emergency Farm Implement Committee" to "investigate" and seek to mediate the two major disputes. Headed by Patton, the farmers committee heard U.A.W.'s story on the Case dispute and got the union's minimum terms for returning to work. It submitted these to L. R. Clausen, president of the company, who turned them down.

Patton's committee then urged federal seizure because "the company has adamantly refused to cooperate with our plans to mediate, arbitrate, conciliate, or submit issues to fact-finding panels, and has steadfastly refused to meet with U. S. conciliators or Secretaries Schwellenbach and Anderson," terminology closely similar to that which was subsequently used by the labor secretary.

Case's comment continued to be that the company wanted "the labor union [to] put the terms in writing—definite commitments."

• **Picketing Restricted**—The Allis-Chalmers strike was snarled by a fight over picketing. The company was not concerned over wage demands—having given 5¢ and offered 13½¢ more to bring the total up to the 18½¢ which has come to be accepted as a national pattern—but over continuance of maintenance of membership and other war-won union gains. It said it stood ready to negotiate on disputed points when the union agreed to "cease illegal picketing and assure the company of continued free access to its plant."

Allis-Chalmers won this point when the Wisconsin Employment Relations Board last week ordered the striking unions to cease picketing that would prevent anyone from freely entering or leaving company property. The board also banned mass picketing or use of coercion on picket lines, and forbade pickets to require credentials of persons passing through their lines.

Allis-Chalmers called 6,000 office and supervisory workers back to their jobs after the decision. Negotiations were resumed and, at midweek, "some progress" was reported. Coming on the eve of a Schwellenbach deadline for seizure action, the notification stayed the secretary's hand at least temporarily.



## JOB FOR THE DOG DAYS

Veterans have found many novel ways of using their war training, and one of the most unusual is Canine College, founded in New York City by John M. Behan (above) and Philip Bogardus, who spent the war training dogs for the Coast Guard. The college teaches pet dogs obedience, breaks them of bad habits such as jumping on people or furniture, chewing up things, breaking New York law to "curb your dog." Complete course takes a month, costs \$130, including board. Or they'll take a dog for a week at \$35, guarantee to break him of one specific bad habit.

## P.S.

An additional 7.1¢ hourly wage increase has been approved for 17,000 production and maintenance workers at Libbey-Owens-Ford and Pittsburgh Plate Glass Co. plants, and the National Wage Stabilization Board has authorized using the increase as the basis for a petition for price relief. The companies asked for the increase to remove an inequity between rates in the glass and the related steel industries where 18½¢ raises are the pattern. Glass companies gave average 10.7¢ raises in January to settle strikes (BW-Jan. 2, '46, p. 92). The increase as it now stands is 17.8¢ an hour.

Third state to set up a Fair Employment Practice Commission, similar to those in New York and New Jersey (BW-Jun. 30 '45, p. 94), Massachusetts is taking quick steps to enforce a recently enacted law making it unlawful to refuse to hire or promote persons on the grounds of "race, creed, color, or national origin." In Milwaukee, a fair employment practice ordinance has been adopted, with a \$10 fine or a five-day jail sentence set as the penalty for violations.

# THE INTERNATIONAL OUTLOOK

BUSINESS WEEK  
JUNE 8, 1946



Election results in France, Italy, and Czechoslovakia provide the tipoff to an inevitable stepping up of trade recovery in Europe.

In addition, evidence is accumulating that the Soviet Union has reconsidered the possible repercussions from mounting world antipathy and is shifting policy so as to be a little more cooperative when the preparatory peace conference reconvenes in Paris in mid-June.

Until the long-delayed British loan finally clears Congress, France provides the key to the new economic optimism.

Backed by last week's \$1,400,000,000 from Washington, Paris is now preparing to launch a bold five-year plan which will:

(1) Boost national income by 1950 to \$28,000,000,000 (at current dollar values).

(2) Double steel output from the prewar (1938) level of 6,000,000 metric tons. (German production by 1949 is to be cut back to less than 6,000,000 tons, while Russian output is scheduled to top 25,000,000 by 1950.)

(3) Push electric power output from the 1938 level of 18,700,000,000 kwh. to a total approaching 37,500,000,000 kwh. (German capacity by 1949 is to be cut back to 35,000,000,000 kwh., in contrast with the 1939 total of 66,000,000,000 kwh.)

If you have heavy equipment to sell (chemical industry installations, rolling mills, machine tools, modern coal mining machinery), don't delay contacting the official French buying missions in this country.

Details of the five-year rehabilitation program are in their hands and, despite the avowed intention to return business to private channels, all initial orders will be placed by the official purchasing agencies.

Despite the Communist victory in the Czech election, conservative observers in Prague are generally optimistic over the outcome.

Extremists have not been included in the new government.

Officials are already turning to Washington for financial aid and economic cooperation.

After a wartime blackout, 40 U. S. films are to be allowed in the country immediately under a deal just consummated with the Czech motion picture monopoly by a group of American producers.

Financial terms for the participating U. S. producers include 35% of the gross take up to 70% of the seating capacity, and 50% of the balance.

Not all the world is dependent on the U. S. for the working capital required to rehabilitate war-worn economies.

Canada, besides enormous wartime financial aid to Britain, has already made loans approaching \$650 million.

Argentina's new credits—to Britain, France, Bolivia, and Paraguay—top half a billion dollars.

Sweden has made recent advances—many of them on a short-term basis—amounting to more than \$400 million.

Don't miss the significance of the report that Moscow, following Washington's refusal to fulfill its \$90 million loan to Poland until pledges of a



# THE INTERNATIONAL OUTLOOK (Continued)

**BUSINESS WEEK**  
**JUNE 8, 1946**

free election are implemented, has offered to provide Warsaw with a gold credit of unspecified size.

As long ago as 1937 (BW—Mar.13'37,p15), Business Week predicted that mounting Soviet gold reserves would ultimately be used by the Russians to push their political and economic hegemony in neighboring countries.

Similar significance is attached to two moves made recently by the Peron government in Argentina:

(1) Following nationalization of the Central Bank (Mar. 25), the government has decreed that all bank deposits in the country be placed at government disposal.

(2) Last week, Chilean newspapers admitted that the National Bank of Argentina will soon open a branch in Santiago, with special facilities to finance Chilean industrial expansion and trade with Argentina.

Don't attach too much significance to Britain's proposal for an international company to operate the world's trunk airlines, introduced last week at the Montreal meeting of the Provisional International Civil Aviation Organization.

Same plan was put forward at the original Picao meeting in Chicago in 1944 by Australia and New Zealand where it received polite but brief consideration.

Picao is moving slowly towards a permanent organization with multi-lateral agreement on international operations as its goal. Russia won't play, so far, but the other 53 member nations are going ahead anyway.

Despite contrary rumors, you should not expect the international rubber conference now convening in London to make an important boost in the price of natural rubber.

Short-sighted Malayan rubber interests, backed by numerous French and Dutch growers in the Far East, are pressing for a higher price and a free market.

London authorities, mindful of the drastic economic repercussions which followed the abortive Stevenson scheme of the 1920's to play the U. S. market for a holdup price, are insisting present prices be maintained:

(1) To avoid the expansion of the cheaper synthetic rubber production now easily possible.

(2) To hold down the Malayan inflation that would inevitably follow soaring income from mounting sales of rubber at higher prices.

Britain has just made another move indicating that bulk buying of all kinds of commodities is going to increase, and for many of them will become a permanent procedure.

Following the dissolution of the Liverpool Cotton Exchange (BW—Mar.30'46,p111), the British established in New Orleans an official cotton procurement office through which the British government is channeling the purchase of all U. S. cotton.

This week, in London, the Board of Trade revealed that it will soon sign a bulk purchase agreement with East African sisal producers providing for acquisition of the entire output of Tanganyika, Kenya, and Uganda.

New contract tops \$26,000,000 annually.

# BUSINESS ABROAD

## U. S. Props French Economy

Credits bring five-year plan of reconstruction and modernization of industry within range of possibility. Vast imports will be required, especially of goods only available here.

Last week the United States granted France a \$720 million credit (\$300 million to buy U. S. war surpluses in French theaters, and \$420 million to buy lend-lease inventories and settle war claims) and an Export-Import Bank loan of \$650 million.

Another credit of about \$25 million (all to be negotiated) to buy 750,000 tons of Liberty ships will raise the credit total to around \$1,400,000,000.

France can now hope realistically to fill the five-year plan of reconstruction and modernization of industry, drafted by Jean Monnet, and to contribute to expanding world trade and production. **On Its Feet by 1950**—The plan is designed to put France on its feet by 1950. It calls for a steep rise in production and exports, and for vast expenditures on new equipment and materials.

To carry out the plan, even assuming the achievement of production and export goals, France will incur a deficit in international payments of \$6,150,000,000 in the next four years. By commandeering private and public resources in gold and foreign exchange, new gold production, and loans received before last week, \$3 billion can be obtained and the deficit reduced to \$3,150,000,000.

Of the American credit of \$1,400,000,000, only \$1,150,000,000 is applicable against the expected deficit, reducing it to \$2 billion.

**Other Sources**—Estimated reparations from Germany, of several hundred million, and new credits from other nations, set at about \$940 million, reducing the deficit to a little over \$1 billion. The day the U. S. credits were announced, France filed a request for \$100 million with the International Bank of Reconstruction & Development.

The residual deficit of about \$500 million may be made up from various sources: Italian reparations, yet-to-be-recovered private investments abroad, seven additional small U. S. credits.

The French position today is comparable to that of Britain. Impoverished after war, lagging in recovery, handicapped by obsolete and worn capital equipment, and without the means to finance reconstruction, France must receive a helping hand or resort to a managed economy,

and to bilateralism, protectionism, and restrictionism in trade.

• **Heavy Toll Taken**—The French economy was hard hit by the war. The total loss—in destruction, capital requisitions, exhaustion of stocks, and domestic disinvestment—amounted to about \$28 billion. To attain prewar production levels, at least \$20 billion of this loss must be replaced. To implement the modernization plan, another \$14 billion to \$17 billion is needed.

The funds for reconstruction and modernization of this magnitude can only be obtained by vastly expanding national income. If production can be boosted 25% above the 1929 level, investment—if past experience is any guide—will be adequate to carry the load.

• **Huge Imports Needed**—But getting back to prewar production schedules and

beyond requires staggering imports of fuel and raw materials, machinery and transport equipment, and food (as well as fertilizer, insecticides, and farm machines to spur domestic output). Ships are needed to carry these imports. All require the means of payment: loans or exports (and exports, completing the cycle, depend on production).

To bridge the gap in the balance of payments while reconstruction and modernization needs are being met, France must liquidate its foreign assets, limit imports to bare essentials, and lean heavily on American, Canadian, Swiss, and other credits.

• **Tacit Approval**—Along with the \$1,400,000,000 loan, the U. S. gave France tacit approval of its five-year plan, and a promise to help Paris obtain a growing share of German coal production in exchange for assurances from France in the commercial policy field.

According to the plan, France will spend \$2,400,000,000 on equipment imports in the years 1946-49; and a major share of this order can be obtained only in the United States. Consequently, American concern with French commercial policy is long-range rather than immediate, for the United States can sell all the capital goods it can make, and it recognizes the priority such goods hold over other U. S. exports so far as exchange-short nations are concerned.

• **Repayment Arrangement**—France will pay 2% interest on the \$720 million lend-lease and surplus settlement loan, starting next year. Principal repayment begins in 1951 and continues (barring postponements due to adverse economic conditions) for 30 years. Repayment of the \$650 million Eximbank loan is at 3% over a 25-year period.

France accepts in principle the United States proposals for the expansion of world trade and employment, and the U. S. accepts a new ad valorem tariff schedule that is being drafted by France as the basis for future reciprocal reductions of trade barriers. France has agreed to abandon protective import quotas, meanwhile retaining import controls to protect foreign exchange, and to forego subsidies on exports (price equalizations introduced when the franc rate was disadvantageous).

• **Centralized Purchases**—Private trade is to be returned to private channels "as soon as possible," but meanwhile centralized purchases by the government for its own use and of short-supply items (steel, foods, and lumber, for instance) will be continued. Import associations in France will be temporarily retained, and tapering-off activities of the French Supply Council in the U. S. will be countenanced.

The United States settled French claims for ships lost while in American war service for \$17,500,000. Before 1950, the U. S. is to receive properties



### TO HEAD WORLD BANK

First president of the International Bank of Reconstruction & Development will be Eugene Meyer (above), publisher of the Washington Post and former chairman of the Reconstruction Finance Corp. Among the first bidders for a share of the bank's fund of nearly \$10 billion will be France, asking for a \$500 million loan.

in France valued at \$15 million, and an additional \$10 million in francs.

• **A Long Way**—In the year since V-E Day, France has moved a long way (compared with most other devastated areas) toward recovery. Agriculture is back to 60% of prewar output, and major industries are producing at two-thirds the prewar level (BW—Jun. 1 '46, p113).

While coal production has passed the 1938 rate, imports of coal are far below the prewar average of about 25,000,000 metric tons annually. French officials insist that imports of a million tons a month would return French output to the 1938 level "almost immediately."

In March, 5,050 trucks rolled off production lines, compared with 3,500 a month before the war. Hydrated lime output is now above prewar. Wool thread and cloth production is back to 80% of 1938, and cotton textiles are at 65% of prewar output.

• **Key Targets**—The full statistical picture of the French five-year plan has not yet been published, but certain key targets for 1950 have been set. Domestic coal output is to be 65,000,000 metric tons, or 40% above 1938. Machine production is to rise 60%, and electricity, steel, and building-materials production are to be 100% above 1938. On this basis, steel production will reach 12,000,000 tons and electric power 37,500,000,000 kwh.

The American loan, with the prospect of heavy imports of U. S. capital equipment, will speed French fulfillment of the plan.

## Export-Minded

Britain, getting ready for multilateral tariff discussions, is continuing long-term efforts to open new markets in U. S.

LONDON—As Britain's export drive gains momentum in the world seller's market (BW—Mar. 30 '46, p113), the Labor government is paying more attention to vital trade problems.

In February, Britain supported the United Nations' call for an 18-power parley this fall to set up an International Trade Organization.

In April, Parliament was told that Britain (representing Newfoundland, Burma, and the Colonial Empire) had accepted a United States invitation to a 14-nation conference on tariffs, to be held later.

• **Consultations**—Before these two important events Britain must consult with the Dominions (largely on the future of imperial preferences) and sound out British industry, labor, and traders. The Federation of British Industries, the Assn. of British Chambers of Com-

merce, and the Trade Unions Congress have been asked:

(1) What tariff cuts are required from the foreign conferees to enable British goods to compete in their markets?

(2) What reductions are desired from the Dominions (considering the fact that any such reductions will apply to all other nations), and what importance is attached to preferences now accorded to Britain by other parts of the Commonwealth?

(3) What importance do British industries attach to the tariffs which now protect them from foreign competition?

• **Substantial Concessions?**—This procedure will involve the government in complicated details, with some danger that the woods will not be seen for the trees. But from two angles, at least, conditions seem to favor substantial British concessions:

(1) Import licensing will continue to screen British industry from the effects of tariff cuts for several years while Britain is wiping out the deficit in its balance of payments.

(2) A Labor government will be more ruthless than a Conservative in rejecting the appeals of special interests, while no decisive opposition can be expected from British trade unions.

• **Tobacco Preference**—In the case of imperial preferences, a concession benefiting United States tobacco growers takes effect by the mere adherence of Britain to the provision of the Washington agreement forbidding new preferences or any increase in present margins of preference. The preference on Empire-grown tobacco, which amounted to more than 20% in 1939, has already been cut to less than 5% as a result of a 1943 reduction in the margin and a fourfold increase in tobacco duty.

But other American interests may find the British Commonwealth as a whole rather sticky on the question of preferences. Using the renewal of U. S.-Philippine preferences as a whipping boy (BW—May 25 '46, p110), the Beaverbrook press may have more success than previously in sponsoring the cause of imperial restrictionism.

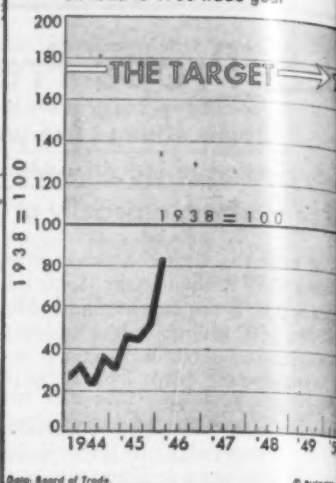
• **Quid Pro Quo?**—At the conference, the British delegation—like the other 14 groups—will offer its list of tariff and preference reductions in the hope that, after some bargaining, its concessions will satisfy the other nations and theirs will provide a suitable quid pro quo for Britain.

If the conference achieves its primary purpose, a multilateral reduction of trade barriers, both Washington and London then propose to present the results to the International Trade Organization as an "exhibit" on which it can base its operations.

• **Realistic Effort**—But the Labor government is presenting the project to British business not only as a venture

## BRITAIN SELLS ABROAD

Export volume nears 1938 level on road to 1950 trade goal



Unhindered by industrial strife, British manufacturing employment is only 5% below the 1939 level and export industries is 12% above. Exports are the pay-off in Britain's battle to regain its 1938 living standard and bid fair to reach the 1938 volume by July, a half-year ahead of schedule. The following commodity groups have passed the 1938 volume by the end of March: chemicals, by 65%; iron and steel products, by 51%; rayon products, by 45%; electrical goods, by 41%; and cutlery and hardware, by 39%. While the U. S. got the big slice of Britain's import business (18% or about \$200 million) in the first quarter of 1946, the U. S. ranked sixth as a buyer of British exports (or about \$29 million).

in world cooperation but as a real effort "to secure such a worldwide lowering of trade barriers as would lead to a great increase in international commerce and so contribute to the expansion of British exports."

Meanwhile, the government is engaged in laying the foundations for such an expansion in the United States, a major British market which has assumed added importance because of Britain's shortage of dollar exchange. The export promotion department of the Board of Trade views the American market as a good promotion bet, one that requires a new approach.

• **New Outlets Sought**—Its conclusion is that British goods should have countrywide outlets and no longer be depended on exclusively through New York. Although New York will naturally



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main the key point, new major distributing centers are advocated for Texas and California, with direct shipment by sea, and for Chicago, where prospects would be greatly improved if the St. Lawrence waterway were pushed through.

The Board of Trade is also looking into the possibility of extending the lines of British goods sold in the United States. But, apart from the extension of textiles into the intermediate price bracket, and a new interest in bicycles, the tendency is still to think in terms of the old staples such as woollens, sportswear, pottery, leather goods, cutlery, linen, and, of course, whisky.

• **Too Conservative?**—There is evidence, also, that the year-old British Export Trade Research Organization (BETRO), on which the Board of Trade has recently staked high hopes (BW—Apr. 14'45, p113), is thinking too conservatively with respect to both a new range of goods and country-wide outlets.

Apart from the general scarcity of goods for export, one of the chief problems facing the Board of Trade is the hesitation of many British manufacturers to take the risk entailed in opening up (or expanding) the American market for their goods. For example, some are not accustomed to the outlay required in the U. S. for commissions and advertising.

• **Helping Hand**—This is one reason why the Board of Trade has so actively supported the Westinghouse plan (BW—Jun. 1'46, p113) to handle imports into the United States for a string of British manufacturers who are aggressive enough to welcome the new venture.

Other similar moves—including the Hambro plan (BW—Apr. 14'45, p113)—are sure to secure official backing and to offer aggressive U. S. importers new supply sources.

### INTERNATIONAL FLEET

Venezuela, Colombia, and Ecuador have completed plans for a tripartite merchant marine to be known as the Greater Colombian Merchant Fleet.

Capital of the international company, subscribed by the three governments, will total \$20 million. Venezuela has granted Ecuador a \$2 million 18-year loan toward that country's share, and Colombia has volunteered to lend additional funds to Ecuador. However, the initial investment of the three countries, to cover administrative organization and purchase of ships, is to be only \$4 million.

The fleet will consist of 2,000-, 3,000-, and 5,000-ton vessels, and tonnage will be allocated among the three countries in accordance with their capital contribution. Head office of the fleet will be in Bogota.

A customs union among the three nations may be arranged in the future.

## CANADA

### New Tax Court?

Canada proposes seven-man board to review decisions as taxpayers complain of delays in determining liability.

OTTAWA—Creation of a Canadian version of the United States Tax Court is under consideration in Ottawa.

On the eve of presenting the budget in connection with which changes in tax laws are always announced, Finance Minister J. L. Ilsley is under pressure to set up a speedier and more direct method of appeal from tax decisions of the National Revenue Department.

• **Proposal for Board**—A special Select Committee, after several months of income tax law and administrative study, has proposed an independent seven-member board of tax appeals to fit in between administrative decisions by the department and first appeal to the courts. The board could review decisions of the minister of national revenue and substitute its own. It would have power to pass both on questions of fact and questions of law. Appeal from its decisions to the Exchequer Court of Canada would be open either to the taxpayer or to the revenue department.

Criticism which led to the Senate inquiry centered largely around three complaints: (1) alleged excessive discretionary powers vested in officials of the department; (2) delays in making assessments and final determination of taxpayers' liability; (3) alleged obscurity of the law.

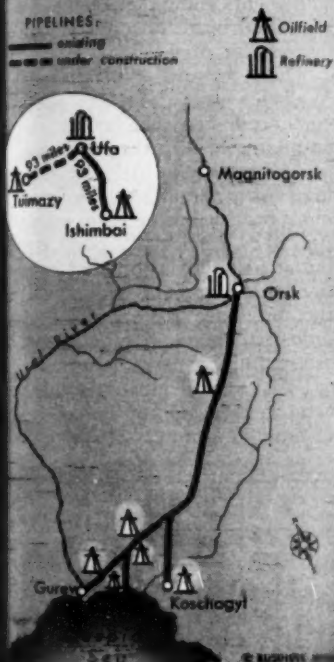
• **Uncertainty Persists**—Confusion in part from the fact that the income tax act, passed in 1917 to raise revenue for the first war, has been frequently amended but never rewritten.

The committee also recommended repeal of Section 32a of the act which vests in the Treasury Board (a committee of the cabinet) power to nullify and disregard any intercompany transactions which it considers are made for the purpose of reducing tax liability. It found the section made for uncertainty among taxpayers as to past and future tax liabilities. Modification of sections dealing with distribution of corporate income through share redemptions or conversions was recommended on the ground that corporations should be able to determine tax liability without would ensue from any particular modification of capital structure.

• **Report Not Binding**—As a remedy for delays, the committee recommended limiting the period within which

partment may issue a notice of assessment, following the filing of a return. The first report, although approved by the Senate, is not binding on the government. In the light of Ilsey's statement that an overhauling of the income tax system was called for, however, it is expected that many of the committee's proposals will be acted on. Ilsey's main problem is to choose between the advice of the committee and that of C. Frazer Elliott, the department minister who administers tax collection. Elliott favors a board which is advisory to the Minister of National Revenue, not one to review his decisions. Agree on Objective—Both Elliott and the committee recognize the desirability of a board for the purpose of assuring taxpayers they are getting a square deal.

## NEW SOVIET PIPELINE



west of Magnitogorsk, giant Ural oil center, the Soviets are extending exploitation of the rich "Second Baku" oil region. To handle rising production from Tuimazy wells a 93-mile pipeline to refineries at Ufa is being built (matching the line from Ishimbai). The Soviets estimate that one-third of their national oil reserves are in the Second Baku area—though the bulk of production still comes from Baku, on the west side of the Caspian. Fields on the north are feeding oil by pipeline to Orsk, the third in Soviet output.

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# THE MARKETS

(FINANCE SECTION—PAGE 1)

## Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
Industrial .....	181.5	184.2	177.8	145.4
Railroad .....	65.9	66.7	62.9	56.9
Utility .....	96.1	97.3	93.7	68.4
<b>Bonds</b>				
Industrial .....	123.4	124.1	123.9	122.3
Railroad .....	118.3	118.6	118.7	115.3
Utility .....	116.8	116.5	115.9	116.5

Data: Standard & Poor's Corp.

## Wall Street Turns Cautious

To more than a few of its fervent followers the stock market's reaction to last week's favorable labor news left little to be desired since prices rose sharply and the "rally" was accompanied by a substantial expansion of daily trading volume.

• **Fades Quickly**—However, even though the Dow-Jones industrial and utility stock price averages established another pair of brand-new bull market highs as a result of the exuberance uncovered, other factors, less favorable, were discernible also in last week's proceedings on the New York Stock Exchange.

For one thing, a number of market students soon saw reasons to believe that as much of the sharp advance was being caused by short covering in a "thin" market as by "new" buying. Disliked also was the quick fading out of the initial outburst of strength disclosed by the rails as they neared their February highs. Neither were traders encouraged when they noted later that

trading in two speculative utility issues selling for around \$5 and \$6, had divided over 7% of last week's activity.

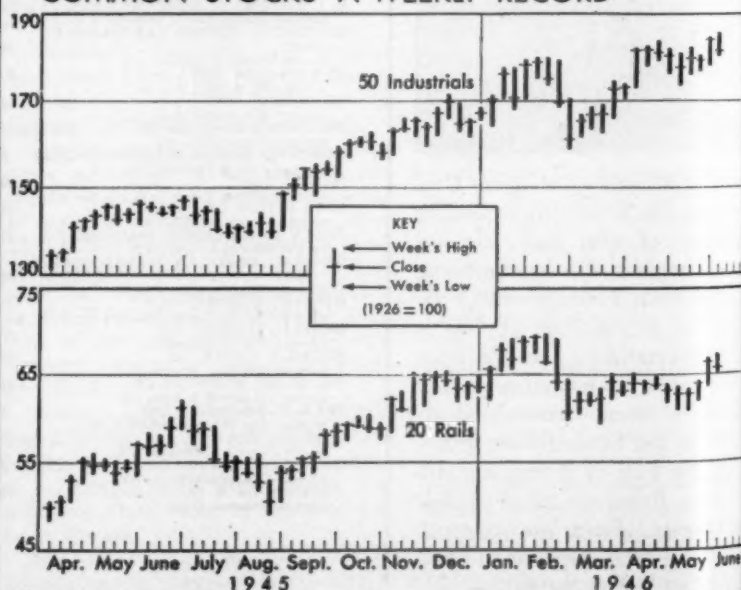
This group's conclusion—that week's upsurge would more likely out to be a temporary flare-up than start of another real bull market has since been confirmed. By the middle of this week losses had outnumbered gains in four consecutive sessions, then also most of the gains recorded as a result of the strike news had been wiped out.

• **Trend to Caution**—It was like noticeable that most of the enthusiasm generated by last week's rising market in other brokerage quarters has been replaced by considerable caution. More to the point, midweek disclosure of more and more Wall Street advisers telling clients know that they had been somewhat bearish over the intermediate outlook for prices.

There are still quite a number of Wall Streeters, however, who remain convinced that higher stock prices are indicated over the near term. In accord relatively little weight is at present moment to the unfavorable factors more bearish brothers are emphasizing. And they particularly point out in rebuttal (correctly also), that many during the present bull market the rails have lagged well behind the industrial group in establishing, or establishing, a major trend.

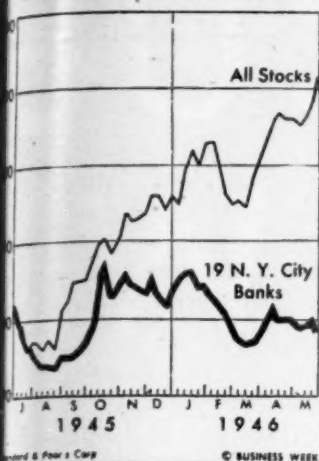
So far as individual investors are concerned, they are continuing to cash in more and more switching operations.

## COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

## GETTING NOWHERE



prepare themselves for what may be marketwise. Despite the relatively poor recent earnings results of such groups, more and more attention, for example, is being shown to so-called durable and semidurable issues which thus far have performed much less spectacularly than other sections of the stock list. **Capital Goods Stocks**—Much "smart money," Wall Streeters claim, is now withdrawn from the movie, liquor, merchandising stocks and being steadily placed in selective lists composed in the main of farm equipment, rail equipment, and copper shares. Some of the stronger rail stocks are being picked up, and similarly touted currently are various speculative situations. More and more, it is the capital goods stocks that are emphasized, and there are relatively few market analysts around now who aren't beginning to wonder if the consumer goods stocks haven't had all the rise to which they are entitled.

### Baby Now Lagging

Not unusual for bank stocks to attract the eye of the average market participant. Normally, the purchase appeal is confined to conservative individuals willing to forego less income than is obtainable elsewhere in return for greater price stability, and to such institutional stockholders as the insurance companies and banks.

**Waning in 1942-45**—More than once bank stocks have quickly shed their dignity and fervently responded to the stimulus of sustained waves of speculative enthusiasm.

It was the case during the 1923-29 bull market and the 1932-37 general price upswing. In 1942-47 bull market move they

likewise proved an early, speculative favorite. November of 1945, in fact, saw Standard & Poor's weekly New York City bank stock price index at levels 120% higher than in April, 1942. This gain almost equaled that of corporate stocks as a whole, despite the inherent investment characteristics of the bank stock group.

Many legitimate reasons can be found to justify the 1942-45 price upsurge of the bank shares. In April, 1942, for example, many bank shares were selling at prices around those to which they had nose-dived in 1932. Bank earnings, also, had been rising steadily since 1938, and there were strong indications that banks generally would be a chief beneficiary of the war effort.

• **Dropped After V-J Day**—All this early promise, moreover, has since been realized. Net earnings of all member banks in the Federal system by 1945, for instance, were at their highest since 1929, and net profits (operating earnings plus recoveries on previous chargeoffs and profits on securities sold) actually rose to a new all-time peak. Deposits, also, were 160% larger than in 1929, invested capital was almost 15% higher, and the indicated book values of most bank shares were up substantially.

V-J Day, however, saw the group's speculative attractiveness quickly vanish. Since then many traders once so bullish about bank shares have been steadily cashing in on the large profits accruing on their holdings.

This trend has been particularly true of investment trusts (once large buyers of bank stocks). Thus, for months now (chart) such issues, despite the buoyancies of corporate issues generally, have been showing persistent easing tendencies.

• **Behind the Selling**—The reasons why the market for bank stocks is now in the process of being turned back into the hands of its normal conservative participants are not hard to find. Few of the traders now selling their bank stock holdings actually expect bank earnings to decline sharply. But they are aware (1) that the period which saw earnings assets expand rapidly is now definitely over, (2) that operating costs are still sharply trending upward, (3) that most banks, unlike corporations, will find their tax burden just as heavy in 1946 as 1945, and (4) that the previous seven-year earnings uptrend will probably be interrupted this year.

These factors don't necessarily indicate to this group that lower prices are in the offing. However, they do signify a static market for some time ahead, and the probability that funds now in bank stocks could be more profitably employed elsewhere. And they have thus been engaged for some time in moving their money into what they hope will prove greener fields.



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# THE TREND

## TO NOURISH THE GRASS ROOTS

As we understand it, the bigger and better Committee for Economic Development which was unveiled this week (page 22) has two major objectives. One is to bring the best combination of business and scholarly brains available to bear jointly (emphasis on the jointly) on the formulation of economic policies and programs to keep our economic system running smoothly and in high gear. The second is to see that these policies and programs are both illuminated and animated by a continuous two-way flow of information between those developing them and a grass roots organization of local business leaders extending throughout the country.

• The ground to be covered by both of these lines of endeavor, and perhaps particularly the second, is already somewhat cultivated. Relative to what needs to be done, however, the surface has scarcely been scratched. If, as we are confident it will, the C.E.D. adds new energy and new competence to the work being done along both lines, not only the community at large but those already engaged in such work will be better off.

As matters stand, there is a tremendous and ominous gulf between the frames of reference in which most professional economists and most businessmen do their thinking and feeling about matters of public policy as related to business. In fact, the two groups literally do not talk the same language. Another great gulf tends to separate most of the public policy framers from most of those engaged in directing business and industrial operations as a practical day-to-day operation. It is the purpose of the C.E.D., as we understand it, to rally new resources and energy in narrowing both of these gulfs.

• For the light it throws on effective collaboration between businessmen and scholars, in which the C.E.D. has already had some successful experience, we recommend a study of the work of the National Bureau of Economic Research which, by coincidence, was celebrating the twenty-fifth anniversary of its founding this week while the C.E.D. was announcing the launching of its new program. In developing its distinguished program of economic research, the National Bureau has effectively enlisted not only the collaboration of scholars and business leaders but that of labor leaders as well.

When the National Bureau of Economic Research was launched there was much skepticism about the feasibility of its plan to have its research findings reviewed by committees representing all shades of opinion. It was feared that about the only result would be an interminable wrangle. The National Bureau has found, however, that having people with different points of view represented on its review committees as well as on its board of directors has served as a safeguard of factual accuracy. If the

National Bureau were engaged in formulating proposals for public policy, as opposed to doing basic economic research, there is no reason to believe that it would have such an angelic time with multi-partisan review committees, but, even so, it has much to teach about effective mobilization of intellectual resources.

• Out of its own experience the C.E.D. can cite a number of stirring examples of the importance of having active and reliable lines of communication with the grass roots. Perhaps the most impressive of these is its report on post-V-J Day industrial and employment prospects. While most official Washington economic soothsayers were over-estimating the post-V-J unemployment by millions, the C.E.D. hit it on the nose with a report based upon communications with its correspondents in all parts of the country.

If the return-circuit of the two-way flow of communication with the grass roots which it plans is to be fully effective, the C.E.D. will, we fear, need to give more careful and skillful attention to the arts of exposition than it has at times in the past. We cite as an example of what we have in mind the recent report of its research staff, "Jobs and Markets" or "How to Prevent Inflation and Depression in the Transition."

• This report, in our opinion, constitutes both a brilliant analytical job and a constructive treatment of what remains our No. 1 economic problem. The writing of much of it is so bad, however, that not only many businessmen but many professional economists have a relatively poor chance of ever knowing, except in very rough outline, what is involved. Having arrived at this point we got to wondering whether that last statement is really fair so we shut our eyes, opened the book at random and put our finger on a passage. Here it is:

The importance of maintaining bond prices, though real, tends often to be overemphasized. If the support of a hindrance to anti-inflation policy, it will be maintaining the nominal value of bonds at the expense of letting inflation sap their real value; the interests of bond holders would be served better by a policy that combined a moderate fall in the number of dollars they could get by sale before maturity with fuller protection of the purchasing power of the dollar. The vulnerable small investor has been shielded against a decline in bond prices by being sold savings bonds; the banks can be shielded by adopting the security reserve proposal and making their security reserve redeemable . . .

But what, we ask, is there to shield the reader? He certainly should be shielded from exposure to such tortuous and tortuous writing if the C.E.D. is to fulfill its purpose to nourish the grass roots with knowledge and understanding of the great economic issues of the



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